

VCS Units 2 & 3 – Q2 President's Meeting – June 30, 2016

Lonnie,

From the Jeff Archie led pre-meeting that Jason and I attended at the site on June 23 ... the 5 areas (below) were discussed ... and are planned topics for the Q2 Presidents Meeting.

At this point ... I'm not sure what the order the topics will be covered ... but expect discussion around these areas.

There was a herd of people at the pre-meeting including Fluor: Garry Flowers, Jeff Hawkins ... and WEC: Jeff Benjamin and Carl Churchman.

Per Benjamin ... Danny Roderick will be the Toshiba representative this time. Per Benjamin ... Danny will be able to speak to Toshiba financial health issues.

In addition to the 5 topics listed below ... I reminded Jeff Archie that Schedule Validation and Project Metrics were discussed in detail at the Q1 meeting ... and Santee Cooper would expect a CEO update on these as well ... Jeff made notes on this.

So ... below you will find black bullets ... which are general updates on these topics ... and blue bullets ... which should make for good questions and talking points.

1. Construction Efficiency / Schedule Adherence

- Efficiency:
 - It's hard to tell if efficiency is picking up.
 - Performance Factor (PF) is still around 1.9 and monthly progress is still around .6% per month.
 - Still struggling with nuclear island ... for all the same reasons
 - Constructability
 - Design Change paper – E&DCR and N&Ds

- It would be good to have Flowers / Seaton opine on construction efficiency.
- From Fluor's perspective ... what could be done to make things better?
- Schedule Adherence
 - Churchman / Hawkins ... still very focused ... hitting milestones.
 - Unit 2 - CA03 on the hook for this Sat, June 25
 - Unit 2 - CA02 to follow ... may be set by Presidents Meeting
 - Probably worth a few CEO words of praise.

2. Prevention of and Timely Resolution of Design Issues

- You will hear about constructability review planning ... Tiger Teams ... 6 new site engineers ... and offsite engineering support from Cranberry and Spain.
- Churchman believes things are getting better ... however ... does not have metrics to prove it ... Churchman has just let a project to develop metrics to track its own engineering issues.
 - Does Fluor agree things are getting better ... Hawkins opinion would be worth hearing?
 - Do WEC resources support Fluor ... and the Aug / Aug dates ... critical path continues to slip?

3. Modules – Structural and Mechanical

- Structural Modules
 - Unit 2 ... we are in good shape
 - Last 2 ... CA02 & CA03 ... may be set by this meeting.

- Unit 3
 - CA20 ... 1st half has been set ... 2nd half on schedule for Aug
 - CA04 ... complete and set
 - CA05 ... complete and set
 - CA01 ... being assembled in MAB
 - Last modules from Japan on ship
 - Dec 2016 ... is milestone to set this module
 - Probe WEC / Fluor confidence in the goal?
 - CA02 ... all submodules on site ... assembly required
 - CA03 (Lake Charles)
 - 15 of 17 submodules still in LC
 - WEC – CB&I ... embroiled in commercial issue
 - Problem at Woodlands ... not LC
 - WEC ... alternate plans ... do not support Aug 2020
 - Owners predicted this fiasco during negotiations Q3 2015 ... project needed a clean break from CB&I ... this should not come as a surprise to anyone ... poor planning
- Mechanical Modules ... are another Lake Charles liability
 - Unit 2 – 18 modules remain in LC
 - Unit 3 – 40 modules remain in LC
- What the heck is the WEC plan here ... how many times can you get bitten by the same rattle snake before you swing the bush axe?
- What is Roderick doing ... probe his engagement.
- Archie & Benjamin discussed getting Kevin Marsh to call Phil Asherman for some relief ... but I would caution that.
 - I am having recall problems at the moment (at least on details – Pelcher is researching) ... but about a week following the Oct 27 Amendment ... Phil Asherman sent Kevin Marsh (and maybe you) a

letter requesting roughly \$30M for an alleged promise that Kevin had made during negotiations ... do you recall anything on this??

- WEC advised the Project to ignore Phil's letter ... so we did.
- Anyway, I'm not sure a Kevin call to the Woodlands would help ... you and Kevin may want to discuss this.

4. Construction Resources

- Fluor ramp-up goal ... ~ 800 - 1000 new craft ... by year's end:
 - To date ... Fluor has netted about 300 new craft
 - Attrition running high (~20%) ... and is a problem
 - Fluor is making progress ... but this is a real challenge
 - Nuclear job isn't as attractive as you might think
 - Its long term, but some folks can't tolerate the pace
 - Fluor has ... and is ... building a case that a wage increase will be necessary to attract and keep resources.
 - WEC (Benjamin) is pushing back hard on this.
 - A Fluor / WEC war ... is in the early stages.
 - Critical path structural modules are on site and other work fronts are available ... but cannot be worked due to lack of manpower.
 - Now ... is not the proper time for WEC to be disputing labor rates.
 - With all the pressure that currently exists on the Aug / Aug dates, including PTCs in jeopardy ... Fluor needs the ability to use good judgement and get people on site ... get the work going.
 - \$300M Bonus ... awaits WEC if successful
 - \$676M LD ... awaits WEC if not
 - WEC can argue and call for cut-backs (if appropriate) at a later date.

- Lonnie ... poke and probe this area if you can ... Fluor needs some help.

5. Procurement

- Basic commodity procurement ... is a big issue and mess left over from CB&I.
- Work packages ... are not complete if materials are not on site.
- Churchman & Hawkins ... very concerned ... but measures are being put in place to correct.
- Timeline for resolution not clear ... difficult to gage project impact ... although it is big ... effects daily work and efficiency.
- Would be good to hear from Roderick / Seaton on this.
 - Are they up to speed ... and engaged?
 - What are they doing to help provide a timely resolution?

Schedule Validation

- Fluor's Sep 1 delivery date to WEC ... seemed a little soft this time.
 - Garry Flowers ... actually didn't remember that Sep 1 was the target date discussed in detail at the Apr 13th meeting.
- This is a big deal Lonnie ... as you well know ... it drives everything.
- Need to get this work into WECs hands as soon as practical ... because WEC and Fluor will negotiate / battle over labor and costs for weeks I'm sure.
 - Project has to have a complete, resource loaded schedule ... and metrics to go along with it ... without it there is no credible measuring stick.
 - We cannot continue down the road on "trust me we are making our milestones."

Project Metrics

- I sent you the metrics package earlier today.
- It's a good package and will be a good tool ... just needs refining
 - Jason will work with SCANA, Fluor and WEC to make this happen.
 - It's a much easier lift with Fluor on board
 - Fluor knows what is needed to run a new build
- We need a validated schedule (man hours & quantities) so that the denominators on all the metrics are well vetted and locked down.
 - When this occurs ... the metrics will be dependable and a useful tool for tracking progress.

From a CEOs perspective ... I believe everything above boils down to the following:

1. Schedule Validation ... and the associated project metrics.

- a. When will this effort be completed?
 - i. Schedule is the guiding light and stakeholder measuring stick ... we cannot go on much longer without it.

2. Critical Path Materials ... do deliveries support the schedule.

- a. Where the answer is no ... Roderick needs to convince you and Kevin that WEC is taking the necessary measures to resolve

3. Productivity ... what needs to be done to be achieve 3% progress

- a. Is WEC staffing (its own) problem areas in a manner that supports the end dates? Does Fluor agree?
- b. Does WEC support Fluor in taking the measures necessary to get the craft labor ramped-up ... in order to get the project moving?

The end.

BECHTEL REPORT ACTION PLAN

SCE&G CONCERNS

1. **What disclosure to make to ORS**—Marion Cherry is aware of internal SCE&G emails and verbal communications revealing that ORS is aware that a project assessment was being done; and recent inquiries have from ORS to SCE&G checking on status of assessment report. On 02/10/16, Mike Baxley asked Al Bynum how SCE&G legal intended to handle this disclosure and received the answer that Al did not know, would have to check on this, and would be back in touch.
2. **What bond disclosures are required**—This same concern applies to Santee Cooper, disclosures should be similar.
3. **What mitigation effort is required to defend potential shareholder suit**—Now that SCE&G is specifically aware of problems raised in report, failure to act may result in O&D liability.

SANTEE COOPER PROPOSAL FOR USE OF REPORT

1. We will continue to cooperate, within the law, with SCE&G's efforts to avoid disclosure on the condition that SCE&G will agree to use the document as a template for project administration changes to be jointly decided, but must include:
 - (a) The hiring of an EPC nuclear construction-experienced owners' engineer with authority to manage the project, Bechtel is not excluded from consideration;
 - (b) An internal SCE&G project management change that will increase managerial staff and be led by a nuclear construction-experienced individual who is a direct report to Kevin Marsh whose sole responsibility is managing this construction project;
 - (c) The Bechtel Report will be reviewed jointly by SCE&G and Santee Cooper leadership, section by section, together with Bechtel analysts, to determine specifically what administrative and operations changes will be made going forward with the project, effective immediately; and,
 - (d) Each change will include an objective metric to determine compliance and success.

SANTEE COOPER ACTION STEPS

1. First step, determine from Al Bynum what ORS disclosures are contemplated, this will substantially drive all other disclosures.
2. No later than February 19 schedule a meeting of attorneys in Columbia, with George Wenick present, to develop a proposal for disclosures and distribution of the Report document, this meeting to produce a recommendation for meeting scheduled in Step 3 below.
3. No later than February 26, schedule an all day meeting in Columbia with business and legal teams and Bechtel analysts to review the report section by section to produce a plan for operations and administration for the project. This meeting will also consider the proposed disclosure plan prepared by the legal teams.
4. Prior to February 26 meeting, to avoid surprise, Lonnie will telephone Kevin with specifics of Santee Cooper's position with respect to management changes at project.

Business Plan



INFRASTRUCTURE

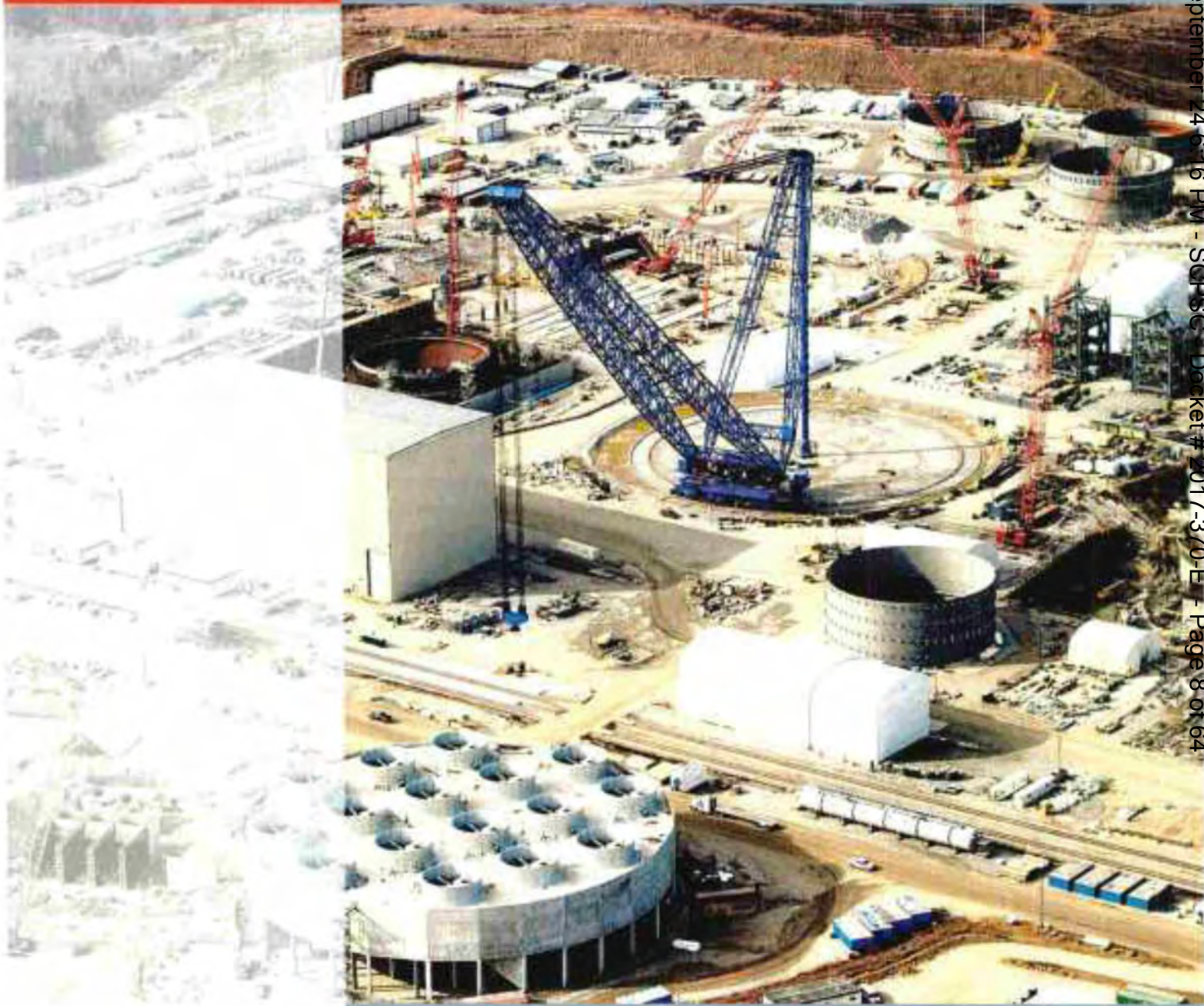
MINING & METALS

NUCLEAR, SECURITY & ENVIRONMENTAL

OIL, GAS & CHEMICALS

V.C. Summer Nuclear Generating Station Units 2 & 3

Assessment Proposal | February 10, 2015



34°17'55"N 81°18'53"W

V.C. Summer Nuclear Generating Station Jenkinsv'le, SC USA

Assessment Objective and Overview:

The objective of this assessment is to assist the owners of the V.C. Summer Nuclear Generating Stations Units 2 & 3 in better understanding the current status and potential challenges of the project as a first step in helping ensure the project is on the most prudent and cost efficient trajectory to completion. Bechtel proposes to assemble a team of senior subject matter experts experienced in the various aspects of nuclear and large scale complex project execution to perform this assessment. This team will be supported by the institutional knowledge of Bechtel's 4,400 person strong Nuclear, Safety and Environmental business unit that is the home of Bechtel's full-scope nuclear capabilities — i.e., "cradle to grave" experience from research and development and EPC project execution through commissioning and operations and decommissioning.

The team will evaluate the current status and forecasted completion plan through the design, supply chain, and construction aspects of the project. There will be focus on understanding the issues that have caused impacts to date, assessing the effectiveness of the mitigation plans put into place to address those issues, and reviewing the project management tools and work processes being employed to plan and execute the project, including change management, through completion and turnover of the units. For clarity, this team will not evaluate the ownership of past impacts or validity of pending or future claims. To accomplish this, we will leverage the lessons learned from helping owners assess and complete nuclear projects over the last 30 years, including ongoing work on the Watts Bar Unit 2 Completion and Olkiluoto 3 projects. The assessment will take place at the V.C. Summer site, select module fabrication facilities, and the design office (if supported by your contractors).

Outlined below are additional details for how the assessment will be executed, key members of the team, commercial considerations, documents and data that are needed from the project to support the assessment, and the proposed topics for the assessment report. Additional highlights of Bechtel's relevant project experience and with the AP1000 technology are also included.

As this project is one of the frontrunners in the next wave of new nuclear generation in the United States, the efficient execution of these units will set the tone for future efforts in the industry. Bechtel is confident we can apply our experience and lessons learned on complex nuclear projects to add value to the owners of the V.C. Summer plant as they assess their most prudent efficient path to completion.

Execution Approach:

Initially, a small team of senior Bechtel subject matter experts, experienced in mega project construction, nuclear new builds, and project management, will seek to gain a better understanding of the current state of the project. This "data validation phase" will last approximately one (1) week, will take place at the V.C. Summer site with your organization, and ideally include input from both WEC and CB&I. The goal during this phase of the assessment will be for our team to better understand the available project progress data and metrics and see how they compare to our project standards (i.e., the

level of detail included, who it is produced by, and the frequency with which it is published). The team will also gain insight into the execution control processes and seek to confirm some of the drivers of the current status. This phase would conclude with a validation of the path forward to complete the assessment, including denoting the required level of cooperation necessary by your contractors to produce the optimal evaluation and recommendations for the assessment. A list of the topics to be covered during this phase, along with the documents that should be provided as pre-read material to Bechtel is provided in Attachment 1.

With the completion of the data validation phase, the remainder of the assessment team will mobilize at the V.C. Summer site. Upon arrival, the Bechtel team will complete the required site access training (as necessary) to reduce the administrative burden on your team during our assessment. After completion of training, a kick-off meeting will be held between SCE&G/Santee Cooper and Bechtel to ensure alignment of goals and expectations as well as needed support. Following the kickoff meeting, a walk down of the V.C. Summer site including temporary facilities and laydown areas for material and equipment, will be necessary in order for the team to gain familiarity with the site layout before beginning the interview process with the SCE&G/Santee Cooper team.

Following the site walk down the assessment team will interview the SCE&G/Santee Cooper leadership team members. The list of the leadership team members in question will be provided at the conclusion of the data validation phase. The interviews will take place at the appropriate locations — namely at the site, ~~WEC's~~ the contractors' design office offices, and the module fabrication facilities. The entire Bechtel team typically participates in each of the interviews as they are intended to provide the Bechtel team with a broad overview of each function/department and the major issues or concerns for each area. This information will assist the Bechtel team in understanding how the contractors are organized and managed and in gauging the current EPC culture and potential impacts to the execution approach on the project. Armed with this information the team will then focus its efforts on specific areas of concern during the functional breakout sessions. Should WEC/CB&I choose to participate, this same process will be performed with their leadership team which will also help assess the leadership organization and its effectiveness.

With the completion of the leadership interviews, the Bechtel team will proceed to the functional breakout sessions. During this period, the Bechtel team will break out by their assigned functional area and work directly with your and WEC/CB&I's team managers responsible for their respective functions. The Bechtel team will focus on a review of the various tools, documents, and reports and their ability to support the efficient and timely planning, management and completion of the project. Because the Bechtel team members have cross-functional experience and expertise, it may become necessary for short periods of time for Bechtel team members working in other areas to temporarily redirect their efforts to specific issues as appropriate.

This team will focus not only on the nuclear island progress, but also on the status of the balance of plant (BOP) engineering, procurement and construction effort to ensure "off-critical path" work is receiving the proper attention required to support the completion plan.

The completion of the assessment will take approximately seven (7) weeks following the initial data validation phase. The proposed table of contents for this report is provided in Attachment 2 below. Following your review of this report, Bechtel will meet with your team to discuss any questions you may have.

Key Team Members:

The senior Bechtel subject matter experts proposed for the assessment team are listed below, and the resume for each individual is provided in Attachment 4:

- Mike Lewis – Executive Management
- Mike Robinson – Project Management and Construction
- Ron Beck – Project Management and Engineering
- Randy McCarraher – Project Management and Project Controls
- Ed Sherow – Design and Licensing
- Steve Routh – Design and Licensing
- Bob Exton – Supply Chain Management

Commercial Considerations:

This assessment will be completed by approximately ten (10) senior managers, last eight (8) weeks in total, and will cost \$1 million.

This scope of work can be performed under a simple consulting agreement. We propose 25% of the cost be paid on mobilization with the balance due upon delivery of the report and recommendations.

Any confidentiality agreements required by you or your contractors can be completed on an expedited basis.

Attachments:

- 1 – Initial Data Validation Phase
- 2 – Assessment Report Table of Contents
- 3 – Bechtel Background and Relevant Experience
- 4 – Assessment Team Resumes

ATTACHMENT 1

Initial Data Validation Phase

The following documents are needed for the initial data validation phase and we request this information be provided at least one week in advance of our initial visit to the V.C. Summer site.

- Owners organization structure that oversees the V.C. Summer project
- Contractor organization chart(s) for the V.C. Summer project (down to the department/functional lead-level and site leads including field superintendents)
- Recent monthly progress report(s)

Activities during the initial data validation phase:

- Review project reports and documentation available to SCE&G/Santee Cooper, including, but not limited to the following:
 - Project execution plans and/or procedures
 - Owner and contractor organizational charts
 - Project schedule hierarchy — e.g., milestone management schedule, supported by increasing levels of detailed, integrated EPC schedules
 - Monthly progress reports
 - Cost and/or schedule forecasts, including staffing projections
 - Supply chain information, including module fabrication/production schedules for each facility and quality findings
 - Action item/issue management lists
- Meet with key owner personnel to understand the following:
 - Discuss the evolution of the project to date, including impacts and changes
 - The current state of relations between owners and contractors
 - Understand any financing time constraints, lender commitments or lender rights that could influence the path to completion
- Hold discussions with contractors to gain an understanding of the challenges facing the project to date; and what it will take to deliver the project.
- Discuss options for securing contractor cooperation and engagement during completion of the assessment
- Verbal report out to owners on progress during this phase and confirmation on the path forward for the remainder of the assessment

ATTACHMENT 2

ASSESSMENT REPORT - TABLE OF CONTENTS

- Executive Summary
- Project Management/Project Controls
 - Project EPC Culture
 - Project Execution Approach/Organization
 - Contractor Oversight
- Engineering
- Licensing
- Supply Chain Management
- Module Fabrication
- Construction
- Startup
- Recommendations for a Path Forward
- Appendices

Note: the various departmental/topical focus assessments above will contain the following information:

- Summary
- Current Status
- Risks to Project Completion
- Observations and Recommendations

ATTACHMENT 3

BECHTEL BACKGROUND AND RELEVANT EXPERIENCE

Nuclear, Security, & Environmental

All nuclear specialists in Bechtel are now consolidated into a single business unit named Nuclear, Security & Environmental (NS&E). This 4,400 employee company comprises all of Bechtel's 60+ years of experience in the nuclear industry including best practices, lessons learned, systems, tools, and processes.

This expertise includes engineering, procurement, and construction (EPC); commissioning and operational support; upgrades; and decommissioning and cleanup of nuclear power plants; naval nuclear propulsion systems; facilities for nuclear weapons research and development, manufacturing, production, assembly, disassembly, refurbishment, testing, and general stewardship; nuclear waste treatment and disposal facilities; and government facility decontamination.

Annually, we perform approximately \$6 billion worth of these services for our commercial and government customers. This diversity of nuclear projects has enabled Bechtel to maintain the broadest contractor nuclear expertise and capacity in the industry.

Nuclear Power

Bechtel continues to be a global leader in the design, procurement, and construction of nuclear power plants, whether it is modifications to existing facilities, new build, or next generation technology development. Bechtel has been an integral player in the nuclear power industry since its inception over 60 years ago, and we remain at the forefront by providing a range of services and offering technical expertise that no other contractor can match. We have been involved on more than 150 nuclear power plants worldwide and have been a major architect/engineer (A/E) participant in most nuclear reactor technologies, including the AP1000. Moreover, we constructed 42 plants and were the A/E for 71 plants, with involvement ranging from conceptual engineering, plant layout, design certifications, early site permit (ESP) and combined license (COL) applications, constructability reviews, estimating, and owners engineering to full construction and commissioning services as part of consortia, in joint ventures, or as a turnkey provider.

Bechtel's ability to manage complexity on projects large and small is enhanced by a wide variety of services including our adaptive approach to managing labor, a worldwide procurement organization and operation, effective use of information technology, proactive community and regulatory relations, and the US engineering industry's largest research and development staff. This unique experience brings an unparalleled portfolio of expertise to our client projects around the world, on assignments of different sizes and complexities, with one underlying theme — an ability to deliver what others cannot, on time and to budget.

Nuclear Plant Completion, Recovery, and Restart Experience

Bechtel has unparalleled experience in successfully completing nuclear power plants at various stages of construction and in performing recoveries and restarts of nuclear plants that have experienced interrupted operation or performance problems. In addition

to designing and constructing more U.S. nuclear power plants than any other company, Bechtel has earned a well-deserved reputation for responding to owner requests for support on nuclear power plant projects already underway. A number of utilities that had to halt projects for safety, quality, or cost reasons later turned to Bechtel to help finish their plants in a variety of capacities.

On each plant recovery, Bechtel uses proven and effective design, engineering, and construction tools and processes. We staff each recovery with qualified and experienced personnel, and we approach the work with a positive "can-do, make it happen" attitude. Our flexibility, innovation, and adaptability to changing conditions enable us to overcome challenges without affecting established completion schedules. In several cases, Bechtel validated the existing contractor engineering and design and proceeded forward with the design completion.

Currently, we are completing the EPC scope on Watts Bar Unit 2, as well as supporting Finnish utility TVO on its Olkiluoto 3 unit by providing seasoned project management, construction, and project controls personnel to baseline the project's current status and develop the best path forward for completing the unit.

Highlights of some of these projects are provided below:



**Watts Bar Unit 2
Completion
(2007 to present)**

In 2007, Bechtel was selected to perform a detailed scoping, estimating, and planning phase and later was selected to perform the project's detailed engineering, procurement, and construction scope. Engineering activities have included detailed walkdowns, assembly and evaluation of original design documents, development of Corrective Action Programs, and performance of detailed design for systems interfacing with Unit 1 and for new plant construction.

Currently, construction work is proceeding well as the project has over 21 million manhours without a lost time accident (LTA) and is experiencing 98% first time quality installation inspections. The unit recently passed Cold Hydro Testing on the first try. Project completion is scheduled for the end of this year when Watts Bar 2 will provide the first power to the grid in the U.S. from a new nuclear source this century.



**Browns Ferry Unit 1
Restart (2003 to 2006)**

Bechtel provided engineering services to produce a detailed scope, cost estimate, schedules, and planning for the recovery of Browns Ferry Unit 1. Bechtel deliverables included walkdown packages, conceptual designs, development of detailed cost estimates and schedules for recovery programs and design change notices, the Unit 1 integration database, and risk evaluation. This effort correctly led to the conclusion that it was economically viable to initiate the next phase of the program to

bring this plant, which had been out of service for 15 years, back on line.

Bechtel prepared all necessary plant modification packages and engineering deliverables to conform the plant to committed licensing requirements and to prepare the plant for restart. Activities included all engineering design and the management activities necessary for Plant Operating Review Committee (PORC) approval of the required modification packages. Included with the recovery effort was an EPU, which Bechtel took over to ensure that the recovery completion schedule remained on schedule. The Bechtel team worked closely with the TVA design and construction team to develop the necessary modifications to minimize actual construction activities. The engineering portion of the project, Bechtel's responsibility, was done well within schedule and under budget. The total project was completed essentially within budget and schedule. This project was selected as the Project of the Year by *Power Engineering*.



Yucca Mountain Project
(2001 to 2009)

Bechtel led the team that managed and operated the large, complex Yucca Mountain Project for the U.S. Department of Energy (DOE), selected to replace the previous contractor. We conducted the scientific, engineering, and technical work necessary to determine the mountain's suitability as a repository for U.S. spent nuclear fuel and high-level radioactive waste. Our work culminated in preparation of the 8,600-page license application, along with 70,000 pages of supporting references that DOE submitted to the Nuclear Regulatory Commission (NRC) for a deep geologic repository. Among its many challenges, the licensing effort required us to integrate nearly three decades of scientific study and engineering design work.

Other accomplishments included:

- Completing a fast-track transition nearly \$3 million under budget
- Assisting DOE in addressing all 293 NRC-DOE Key Technical Issue Agreements
- Managing and maintaining the 230 square-mile site's infrastructure, including all onsite and offsite structures, 7 miles of tunnel, a potable water system, and 50 miles of paved and unpaved roads, as well as managing an average of 1,200 personnel

- Preparing a conceptual design for more than 1,000 miles of possible rail corridor and identifying millions of dollars in potential cost savings



**Comanche Peak Units 1
& 2 Completion
(1990 to 1993)**

Comanche Peak is an example of Bechtel's project management succeeding where other contractors failed. Construction of Comanche Peak was years behind schedule, almost \$9 billion over the original estimate, and stopped by court order when Bechtel was asked to assume management responsibility for completing the facility. Key Bechtel managers worked with the customer to complete construction of Unit 1. In addition to normal project management activities, we assisted the customer in obtaining all necessary licenses and establishing credibility with stakeholders in the operation of a nuclear facility. In only two years, Unit 1 reached commercial operation.

Because of our management performance and the credibility we established with the stakeholders on Unit 1, the customer asked Bechtel to complete design, construction, and startup of Unit 2. Our management of this effort resulted in 2.5 million safe job hours and NRC characterization of Unit 2 management as "excellent."



**South Texas Project
(STP) Units 1 & 2
Completion
(1981 to 1989)**

After the NRC shut down construction because of quality noncompliance by a previous contractor, Bechtel completed the project, meeting all NRC design, construction, safety, and quality licensing requirements ahead of schedule. In late 1981, the owners of STP were faced with some very grim statistics and a tough decision. The project was 4 years behind schedule, and project costs had risen considerably from the original \$974 million estimate. In addition, an NRC Show Cause order seriously impeded construction. The combined factors of schedule and cost, the regulatory atmosphere so soon after Three Mile Island, and difficulties with design and construction could have led to the complete cancellation of the project, as was the case with other U.S. plants in the same time frame.

Bechtel assumed management responsibility for engineering, procurement, and construction management of STP in 1981. The transition to Bechtel management was complex, requiring the transfer of over 200,000 documents. In August 1982, less than 1 year after assuming responsibility, Bechtel submitted a cost estimate and schedule for completing the project. The previous 8-month schedule delay due to temporary shutdown of

construction was recovered, and an additional 11-month saving was achieved. The \$5.5 billion budget for total project cost and the construction completion dates established were achieved, with Units 1 and 2 going into complete commercial operation in mid-1987 and mid-1989, respectively.

Major Modification Experience

In addition to providing services to new nuclear projects in the U.S. and around the world, Bechtel has honed both its resources and processes and procedures on a number of large scale nuclear plant modification projects, including Extended Power Upgrades and Steam Generator Replacements. Bechtel has been very successful in delivering these highly complex projects, and they have given our personnel recent, relevant experience in nuclear power plant engineering, procurement, and construction.



Extended Power Upgrades (EPU)

Most, if not all, of the skills learned and knowledge brought to bear on EPUs are transferable to new build nuclear projects. EPUs are particularly challenging as personnel are working in the tight, cramped corners of an operating nuclear facility.

Bechtel recently completed highly successful EPU programs at Turkey Point Units 3 & 4 (in 2013), St. Lucie 1 & 2 (in 2012), and Point Beach 1 & 2 (in 2011). These were major engineering, procurement, and construction efforts valued at over \$2.5 billion with in excess of 12 million jobhours, increasing each unit's output by over 100 MW — the largest uprate outages in U.S. nuclear history. These mega-projects required significant technical resources, including feasibility studies and engineering evaluations and analyses. There was also significant integration required with the plant outage schedules as the plant modifications had to be performed over several outages. All of the extensive modifications were designed, installed, and tested in discrete work packages meeting INPO good practices guidelines, as well as customer quality and procedural guidelines.

The program also received numerous industry awards, including the Nuclear Energy Institute's Top Industry Practice (TIP) award for U1R33 outage performance for Point Beach and supported the owner's recognition under OSHA's Voluntary Protection Program (VPP) Star by logging over 1 million jobhours without an LTA or recordable injury. Turkey Point was recognized as *Power Magazine's* 2013 Project of the Year—Best Nuclear Project and logged over 7 million jobhours

without an LTA.



**Steam Generator &
Reactor Pressure Vessel
Head Replacements**

While SGRs and RPVHRs are not the same as new build nuclear plants, they share many of the same design, planning, procurement, construction, and safety aspects. Bechtel has performed 35 SGRs, more than any other contractor.

Bechtel successfully completed the SGR at Davis-Besse on an EPC basis in 2014 and was awarded the SGR at Beaver Valley Unit 2, which is now in the early planning phase.

Further, Bechtel innovation and continuous improvement has set and re-set industry records including:

- Shortest overall replacement schedule ever achieved
- Lowest US SGR accumulated radiation exposure
- First US one-piece replacement
- First US replacement using a through-wall replacement
- First replacement using the channel-head cut method
- Largest and heaviest steam generators ever replaced in the US

AP1000 Experience

Bechtel is very familiar with the WEC AP1000 design and has provided support through the preparation of design criteria, development of cost estimates, preparation of BOP conceptual design, and provision of licensing support.

In the 1990s, Bechtel participated in the design of the AP600, the AP1000's precursor design. Our support to WEC included overseeing the base design and analysis of the Nuclear Island as lead A/E; preparing equipment specifications, plant overall design criteria and sections of Standard Safety Analysis Report; providing licensing support and ITAAC development; and providing input to construction schedules and cost estimates.



A brief overview of Bechtel's recent experience with the AP1000 is provided below:

- Bechtel was WEC's original EPC partner for AP1000 units at Sanmen and Hanyang; however, we did not proceed due to nuclear liability concerns.
- In 2012, Bechtel worked closely with WEC (including a site visit to Sanmen in China) to potentially enter into a consortium to bid two AP1000 units in Poland, which has subsequently been put on hold by the Polish government.

- Over the past two years WEC has asked Bechtel for specific expertise (e.g. containment design) on several occasions when they have had difficulty resolving design issues or defending design criteria with the NRC.
- Bechtel led the preparation of a Dominion-DOE cost shared study to evaluate construction technologies, schedules, and decommissioning costs of advanced reactors, including the AP1000.
- Bechtel developed AP1000 site layouts for the River Bend and Grand Gulf sites for Entergy when they were looking at new nuclear.

In addition to the experience described above, Bechtel has performed the following licensing activities for the AP1000 design:

- **V.C. Summer Units 2 & 3** – Bechtel was the COL prime contractor and prepared the entire COL application, including the FSAR, Environmental Report, Emergency Plan, and Security Plan, along with all supporting engineering and analyses and support for NRC review.
- **Vogtle Units 3 & 4** – Our project responsibilities included site evaluations, cost and schedule estimates, preparation of the ESP application and COL application, and support of the NRC review. Bechtel is currently providing some limited engineering support to Southern for the construction effort.
- **Turkey Point Units 6 & 7** – Bechtel prepared the entire COL application, including the FSAR, Environmental Report, Emergency Plan, and Security Plan, and we are currently supporting the NRC review. Bechtel also prepared the Site Certification Application (similar in content to the COL application Environmental Report) that was recently approved by the State of Florida.

ATTACHMENT 4 ASSESSMENT TEAM RESUMES

Resumes for the proposed Assessment Team are provided on the following pages.



Michael J. Lewis

Executive Management

Education

- BS, Civil Engineering, North Carolina State University
- Construction Executive Management Program, Texas A&M University
- Program for Manager Development, Duke University

Mike Lewis is a Bechtel Senior Vice President—one of only about 35 such senior managers in a company of nearly 55,000 employees—who has managed various first-of-a-kind and highly complex projects, including civil projects, power plants, weapons management facilities, and a high-level nuclear waste vitrification plant. Mike has been with Bechtel for his entire 38-year career, distinguishing himself as a problem solver and safety champion in increasingly responsible positions. He has a strong record of building close-knit, integrated teams and initiating time-saving, practical solutions to increase safety, meet milestones, and enhance productivity. He has successfully managed large construction projects with workforces exceeding 10,000; multiple subcontractors; complicated logistics; and significant security concerns.



Manager of Construction

2014–Present: Currently, Mike provides functional and operational oversight to construction personnel located in various Bechtel global execution units including all of our nuclear projects. He is responsible for the successful completion of activities related to construction. He ensures effective overall administration and technical direction, coordination, and direct line responsibilities. Mike controls construction operations in the field and office construction-related activities through subordinate managers within large, complex business operations and business units.

Proposal Manager, Keeyask Generating Station—General Civil Works

2013–2013: As the Proposal Manager, Mike was responsible for the development, approval, and finalization of the winning \$1.4 billion general civil contract award. Using his extensive management and construction background, he established standards to meet organization objectives in proposal activities, assisted in the preparation and review of the proposal, and directed proposal development. The Keeyask Generating Station project involves development and construction of a 695-MW hydroelectric generating station at rated capacity (630 MW at firm capacity) on the lower Nelson River approximately 460 miles northeast of Winnipeg, Manitoba, Canada. The project includes the General Civil Works contract for all temporary and permanent structures and related works, including the spillway, dams, dykes, channels, excavations, and roads, as well as the generating station itself and the construction of the camp and other related infrastructure.

Project Manager, Oman Airport Expansion

2012–2013: Mr. Lewis was the Project Manager for a Bechtel-led consortium designing and building a new \$1.8 billion passenger terminal complex at Muscat International Airport in Oman. The airport, which was handling about 6 million passengers per year, at terminal expansion completion in 2014 had a capacity of 12 million passengers. The project also included two office buildings, a four-star hotel, two five-level parking garages, and other support structures and roadwork.

Operations Manager, Bechtel Civil

2009–2011: Mike provided executive level oversight to a wide range of infrastructure projects in North America, Europe, and the Middle East, including hydro and rail projects and airports. His responsibilities include oversight of the Kemano Backup Tunnel Project, a 10-mile-long power



tunnel, and an eight-unit underground powerhouse with 850 MW capacity. He was responsible for ensuring that projects met customer expectations and had the necessary resources.

Manager of Construction, Bechtel Australia Pty, Ltd

2007–2009: Mike was responsible for oversight of global construction activities for Bechtel's Mining and Metals Global Business Unit. Specific duties included field non-manual staffing, industrial/employee relations, craft hiring and staffing, developing and promoting standardized construction work processes, training, and employee development.

Manager of Construction, Hanford Waste Treatment and Immobilization Plant (WTP) Nuclear Project

2005–2007: Mike was responsible for managing the construction portion of this \$12.2 billion facility to process and stabilize 53 million gallons of nuclear and chemical waste. The construction site encompasses 64 acres and includes four major nuclear facilities, the largest of which, the Pretreatment Facility, has a footprint equivalent to four football fields (about 753,000 ft²) and will be 12 stories tall when completed. Mike was also responsible for relationship management with the Union Building Trades performing work to NQA-1 standards.

Project Manager, Pueblo Chemical Agent-Destruction Pilot Plant

2002–2005: As the Project Manager, Mike was responsible for providing overall leadership and strategic planning/guidance to the customer and the project team on this \$1.2 billion EPCC plant to neutralize and biodegrade 2,535 tons of mustard agent stored at the Pueblo Army Depot in Colorado. He led a diverse integrated team that included Washington Group, Parsons, and Battelle.

Project Operations Manager, Bechtel National, Inc. Defense and Space Projects

2001–2002: Mike provided support and oversight for business sector project managers; developed customer relationships; and implemented feedback systems to monitor project performance and customer satisfaction.

Project Manager, Anniston Chemical Agent Disposal Facility

1998–2001: Mike was responsible for overall financial and technical performance and execution of engineering, procurement, construction, and testing of this \$314 million fixed-price grassroots plant designed and constructed to dispose of chemical weapons stored at the Anniston Army Depot in eastern Alabama.

Manager of Construction, Nevada Test Site

1995–1998: Mike managed a large workforce performing underground and aboveground construction work, environmental remediation, facilities modifications, and new facilities construction at this 1,375 square mile National Nuclear Security Administration facility that includes over 1,100 buildings, 398 miles of paved roads, and 200 miles of unpaved roads.

Construction Manager, Nuclear Weapons Storage and Security Systems Project

1995: Mike managed construction on this 10-year, \$206 million program to install 16 weapon vault systems at 15 NATO bases in 7 countries.

Construction Manager/Project Field Engineer/Contract Administrator, Cowlitz Falls Hydroelectric Project

1991–1995: As the Project Manager during the operations and maintenance phases of this \$50 million contract, Mike directed construction and operation of a 70 MW dam and powerhouse in west-central Washington State.

Project Manager/Plant Manager/Field Engineer, New Martinsville Hydroelectric Plant

1986–1990: Mike supervised the operations and maintenance of this 34 MW low head run-of-river bulb turbine hydroelectric plant attached to the U.S. Army Corps of Engineers Hannibal Lock and Dam on the Ohio River in West Virginia.

Field Engineer/Plant Engineer, Bechtel

1976–1985: Mike learned his skills while working on numerous nuclear, government, and mining projects.



Michael S. Robinson

Project Management and Construction

Education

- BS, Mechanical Engineering, Brown University
- Graduate Studies, Environmental Engineering, Penn State University

Mike Robinson has more than 23 years of experience in project and construction management, business development, and proposal development and estimating. His expertise encompasses management of projects and teams with a range of technologies, and contract structures with focus on operating facilities. He was elected a Bechtel Principal Vice President in 2013.

Project Manager

2015–Present: Currently, Mike supports the Nuclear, Security and Environmental Business assisting owners on ongoing projects and developing new opportunities.



Project Manager, Panda Temple Combined Cycle Project

2013–2014: Mike served as the consortium lead and had overall EPC execution responsibility for Bechtel on a lump-sum 2x2x1 combined-cycle project located on a greenfield site in Texas. After taking over the project at approximately 50 percent complete, he oversaw the completion of engineering design, globally sourced equipment and material delivery, construction, and commissioning. The project was completed and turned over to the customer 2 weeks ahead of schedule with plant performance better than guarantee. The project staff peaked at over 1,000 craft, subcontractors, and non-manuals who worked more than 2.5 million job-hours without a lost-time accident (LTA). Mike also served as project manager for Temple II CC project, a replicate plant adjacent to the Temple project, during the first 8 months of execution before focusing solely on the commissioning and completion of the Temple project.

Project Manager, Turkey Point Extended Power Uprate (EPU) Project

2012–2013: Mike was responsible for managing key execution activities on a complex uprate project at an operating two-unit nuclear facility in southern Florida that included two of the largest planned uprate outages in U.S. nuclear history. He took over as the project manager immediately before the U3R26 outage, which experienced a 30 percent increase in jobhours after breaker open because of design evolution and emergent conditions. He focused on implementing lessons learned and other improvements during an abbreviated period between outages. This led to significant improvements in cost and schedule execution for the final U4R27 outage—Bechtel completed the critical path work 1 week ahead of schedule and finished 8 percent under the scope-adjusted pre-outage budget. The project's first-time quality and execution performance earned special recognition from the customer. Bechtel's portion of the project was approximately \$900 million and was staffed with upwards of 400 non-manuals and 1,600 craft and subcontractors onsite during the outages. The project worked over 7 million jobhours without an LTA; was recognized as Power Magazine's 2013 Project of the Year—Best Nuclear Project, and earned Bechtel's 2013 Project Management Excellence Award.

Site Manager, Point Beach EPU Project

2009–2011: Mike managed the field execution of the Point Beach EPU project in Wisconsin, Bechtel's first large-scale EPU project in the construction phase. Principal duties included managing construction personnel staffing, coordinating craft resources and labor relations, implementing the Bechtel safety and quality programs, and interfacing with senior customer personnel. The project worked over 1 million jobhours without an LTA or OSHA recordable injury.



Executive Assistant

2008–2009: Mike assisted the president of Bechtel Power on commercial, execution, and personnel issues by developing draft policies, presentations, and executive letters. He also supported estimate reviews, project execution reviews, and corporate and business line policy discussions.

Business Development Manager

2006–2008: Mike managed the development of fossil power projects, including proposals, with emphasis on solid fuel and emissions retrofit projects. He negotiated services agreements and engineering, procurement, and construction (EPC) contracts. Bechtel was initially awarded two large projects (a \$1 billion greenfield coal plant and a \$1 billion multi-project site air quality control upgrade program) that Mike supported before they were cancelled because of changes in market conditions.

Startup Engineer, Springerville Expansion Project

2005–2006: Mike undertook a rotational assignment as a startup engineer on a lump-sum, 400 MW, pulverized coal-fired project in Arizona. He was responsible for commissioning the AQCS systems.

Project Estimating/Proposal Development Manager

2002–2005: As an Estimating Manager, Mike coordinated estimating activities for power projects worldwide. He represented the Estimating department during customer discussions and internal management reviews. He developed budgets and schedules for estimates and proposals under his sponsorship, prepared, reviewed, and presented lump sum, indicative, and order of magnitude estimates as necessary to support the Power business line; and supervised and trained new project estimators. As a proposal development manager, he worked with the Business Development department to define proposal strategies. He coordinated and managed engineering, procurement, construction, contracts, and estimating activities during the proposal process and reviewed proposal documents, including scope books, schedules, and contracts.

Estimating Supervisor, Project/Mechanical Estimator

1997–2002: As a supervisor, Mike supervised Power's Mechanical Estimating group and coordinated estimating efforts in the Asia-Pacific region and for solid fuel projects worldwide. He assigned work tasks, monitored progress with respect to quality, oversaw schedule and budget compliance, and reviewed completed work products. He represented the group and the Estimating department during planning meetings, management reviews, and open book reviews with customers. As an estimator, Mike was responsible for the preparation of lump-sum grassroots construction, modification, and demolition of fossil and nuclear power plants world-wide.

Construction/Resident Engineer – Various Refineries

1994–1997: During this period, Mike was assigned to three refineries and performed a variety of activities. At the Sun Oil Girard Point Refinery, he developed work scopes and provided detailed engineering for capital projects, determined mechanical equipment specifications, ordered materials, and qualified vendor bids. He also supported cost estimate development and monitored project installation to ensure technical and budget compliance. For the BP Oil Refinery, he developed a pressure vessel inspection program using specifications provided by the customer to bring the refinery into compliance with OSHA 1910. He supervised the daily activities of the group during implementation, tracked project scheduling, and interfaced with customer supervision. He performed walkdowns of process piping to support the Chevron USA Refinery reliability program, determined as-built configuration of piping systems, and calculated inspection points for affected systems.

Superintendent/Field Engineer – Various Commercial Nuclear Facilities

1991–1993: At the Hope Creek/Salem nuclear plants, Mike supervised the installation of an environmental spill containment for the emergency gas turbine unit. He also managed pipefitters during two service water piping replacement projects.

From June to November 1992, Mike supervised the installation of piping and instrumentation at Turkey Point Nuclear Plant. He interfaced with customer engineering to resolve constructability concerns, testing piping systems, and assisted in the recovery efforts following Hurricane Andrew.

From October 1991 to June 1992, Mike reviewed and completed pipe, hanger, and mechanical equipment design change packages for the Comanche Peak Generating Station.

In an earlier assignment at Turkey Point from June to September 1991, he monitored the installation of pipe, hangers, and instrumentation tubing. He also tested pipe and instrument lines and turned over assigned systems to Startup.



Ronald L. Beck

Project Management and Engineering

Technical Qualifications

- Over 40 years of nuclear experience, including 17 in design engineering and licensing, 18 on SGR and RVHR projects, and 5 in next-generation nuclear (EPR, SMR) project management
- Registered Professional Engineer in Maryland (retired); inactive in Mississippi, South Carolina, Tennessee, Texas, and Virginia
- Member of ASCE
- Author of several published technical papers (available on request)

Education

- ME, Civil Engineering, Virginia Polytechnic Institute (Structural Engineering Major)
- BS, Civil Engineering, Virginia Polytechnic Institute
- Bechtel Certification, Project Manager Level II

Ron Beck has spent his entire career in the nuclear power industry. He has a strong civil engineering background and many years of design engineering and field experience, with a solid foundation in the details of work planning and execution. He was project manager for three steam generator replacement (SGR) projects, assistant project manager for one SGR project, and shift outage manager for two reactor vessel head replacement (RVHR) projects. His background also includes civil design work on Grand Gulf, South Texas Project, and Watts Bar. He is a highly dedicated leader with strong technical skills, effective management capabilities, and the ability to motivate teams to successful outcomes.



Project Manager

2010–Present: For the Generation mPower small modular reactor (SMR) project, Mr. Beck has been responsible for all aspects of Bechtel's scope and project execution and for interface with Generation mPower LLC and Babcock & Wilcox (B&W), as well as potential customers, Industry Advisory Council members, management committee members, and regulatory agencies. His responsibilities include overall management of 230+ professionals, including engineering, licensing, project cost and schedule, procurement and contract functions.

Mr. Beck also managed the Bechtel engineering team and the integration of Bechtel's scope with B&W's Nuclear Island scope and participated in a due diligence assessment as project manager, civil/structural reviewer, construction reviewer, and overall report preparer. The report outlined the results of the assessment regarding investing in a specific new generation nuclear technology.

2008–2010: Mr. Beck was the responsible project manager for the Bell Bend U3 EPR nuclear power plant project. He supported AREVA's preparation of responses to the NRC's requests for additional information in conjunction with the design certification process, managed an optimization study; participated in construction schedule development; worked with PPL on updating the site utilities plot plan for its Combined License application; and oversaw the development of budgets, schedules, and reports.

2008: Mr. Beck oversaw the development of the long-range strategic plan for the SONGS SGR project. The work involved developing the preoutage schedule encompassing Bechtel's work from 2008 through 2010 and the Cycle 15 and Cycle 16 (SGR) outage schedules for Bechtel's work and integrating these schedules into the client's online and outage work schedules.

2007: Mr. Beck assisted in developing the long-range construction plan for completing the Watts Bar Nuclear Station Unit 2 reactor building structures, systems, and components as part of the restart project.

2007: For the Palo Verde Nuclear Generating Station Unit 1 SGR project, Mr. Beck managed all aspects of removing and relocating the V651 valve in the reactor coolant system ASME Class 1 shutdown cooling line to support long-term plant operability and reliability.

2006–2007: As plan coordinator for the SONGS SGR project, Mr. Beck managed the development and submittal to the client of 50-plus management, engineering, and construction plans and 30-plus specific contract deliverables describing the methods and approaches Bechtel would employ to



execute its SGR work scope. He also supported the project manager on project commercial and technical issues.

2005: For the Palo Verde Unit 3 SGR project, Mr. Beck managed the installation of a vortex elimination plate in the reactor coolant system ASME Class 1 shutdown cooling line. The plate was later removed as a result of system testing.

2004-2005: Mr. Beck managed or supported proposals for the Turkey Point Units 3 and 4 and St. Lucie Units 1 and 2 RVHR projects; the Crystal River Unit 3 SGR project; the Bruce A Units 1, 2, 3, and 4 SGR projects; the Diablo Canyon Units 1 and 2 SGR projects; the SONGS Units 3 and 4 SGR projects; the SONGS Units 2 and 3 and Palo Verde Units 1, 2, and 3 RVHR studies; and the Palisades RVHR project.

Shift Outage Manager

2003: For the Surry Power Station Units 1 and 2 RVHR project, Mr. Beck interfaced with client, subcontractor, and Bechtel personnel to develop the schedule; attended client/Bechtel plan-of-the-day meetings; interfaced with client and Bechtel personnel on day-to-day operations, including action item meetings and task reviews; and managed Bechtel's day shift containment work during each unit's replacement outages.

Project Manager

2002: Mr. Beck managed several SGR project proposals, an RVHR project study for two nuclear units, and an independent third-party SGR project cost estimate study review for a nuclear utility.

2000-2001: For the Shearon Harris SGR project, Mr. Beck directed all aspects of engineering, construction, procurement, quality, cost, and schedule; coordinated interfaces with the client and subcontractors; and interfaced with Bechtel senior management, global and regional industry unit and execution unit management, and home office functional departments.

1996-2000: For the South Texas Unit 1 SGR project, Mr. Beck had the same duties as for the Harris project.

1995-1996: Mr. Beck developed generic SGR project core team operations and was a member of the team that developed a Bechtel/Westinghouse teaming agreement for SGR projects. He also developed competitively bid SGR projects and sole-source negotiated SGR awards, including the first South Texas Unit 1 SGR involving the Bechtel/Westinghouse agreement.

1992-1994: For the Virgil C. Summer SGR project, Mr. Beck had the same duties as for the Harris project. He also planned and mobilized direct-hire and field subcontracts; interfaced with the client for design, procurement, and field activities; developed and negotiated subcontracts; directly participated in onsite work activities during outage and nonoutage periods; and was directly involved in quality assurance activities.

1991-1992: For the ASCO Units 1 and 2 SGR project, Mr. Beck managed photogrammetry and interference walkdowns, the redesign of the biological shield wall, preparation of the technical specification, and technical evaluation of replacement steam generator fabrication proposals. He also managed SGR studies for St. Lucie Unit 1 and for Mitsubishi Heavy Industries, Ltd. in Japan.

Assistant Project Manager

1989-1991: For the Palisades SGR project, Mr. Beck provided management overview of the engineering team and management support to the cost and schedule supervisor for schedule and budget control. He assisted in coordinating Bechtel's client interface on licensing and other high priority issues and coordinated the development of the SGR outage schedule with the SGR project team (management, engineering, construction, procurement, subcontractors, and client). As night shift outage coordinator during the replacement outage, he coordinated Bechtel's night shift construction activities with the client and the client's contractors. During job closeout, he assisted the project manager and field services manager with closeout activities, including engineering as-built package completion, contract compliance closeout, outage work activity completion, and licensing and quality assurance review closeout.

Project Engineer/Project Engineering Manager

1985-1989: For the South Texas Units 1 and 2 project, Mr. Beck supported the civil/ structural, pipe stress and pipe support, architectural, and plant design layout disciplines. He directly interfaced with the client in completing engineering design, licensing, and engineering assurance activities associated with these disciplines. He also assisted in managing the contractual and legal aspects of



the project's main cooling reservoir; coordinated interfaces with the project's constructor and client and Bechtel management; and directed the coordination of engineering activities associated with Unit 1 hot functional testing, including development of engineering hot functional test procedures for thermal and vibration monitoring.

Design Engineer/Group Leader/Engineering Supervisor

1972-1985: Mr. Beck was assigned to the Grand Gulf Nuclear Station Units 1 and 2 project. Initially, he developed various preliminary design studies subsequently used for input to the Preliminary Safety Analysis Report and to project cost and final design studies. He reviewed cooling tower structural design calculations, wrote and administered a subcontract for cooling tower foundation piling installation, and wrote piping technical specifications. Later he supported various site engineering tasks and completion of final ultimate heat sink basin structural designs and assisted in managing group design activities. Subsequently, he led the design activities associated with the reactor containment building (RCB) and site and managed a specialized task force performing dynamic loading analysis of the BWR Mark III RCB. He supervised development of the Final Safety Analysis Report sections associated with the RCB and other Seismic Category I site facilities. He participated in regulatory hearings with the NRC and the Advisory Committee on Reactor Safeguards in conjunction with the RCB dynamic analyses and assisting in supervising civil structural design activities. Ultimately, he was responsible for all civil/structural engineering design activities associated with Unit 2.



Randolph S. McCarraher, PMP

Project Management and Project Controls

Technical Qualifications

- Member, Project Management Institute (PMI)
- Certified Project Management Professional (PMP)
- Certified Bechtel Project Manager Level I

Education

- Certificate, Electronics, Western Montgomery County Technical School
- AAS, Construction Management, Frederick Community College
- Certificate, International Business Management, Georgetown University

Randolph (Randy) McCarraher has over 35 years of experience in the EPC/EPCM industry in positions in field engineering, contracts, project controls, project management, and business development. Randy has a global view of what it takes to complete a successful project, as his experience includes working in North and South America, Australia, Europe, and the Asia Pacific region as well as India, and it includes projects in the Power (fossil and nuclear); Oil, Gas and Chemical; Government Services; Telecommunications; Mining & Metals; and Industrial business lines. He is a manager who can get the tough jobs done due to his strong technical skills, his ability to teach and mentor young employees, and his performance-based leadership skills.



Project Development Manager, Nuclear Power

2012-Present: In his current role, Randy is responsible for identifying, evaluating, and recommending prospective new work in the nuclear business line including strategic market development and penetration. He develops strategy and directs preparation of proposals and presentations for new business opportunities and establishes and maintains effective customer relationships. In addition to these duties, he has been deployed to provide project management leadership at two EPU outages and has led teams to perform project management/construction readiness reviews at Hinkley Point C (UK), Bruce Power (Canada), and Olkiluoto 3 (Finland).

Project Manager, UniStar Nuclear Project

2011-2012: As Project Manager, Randy was responsible for screening all cost and schedule optimization opportunities and overseeing preparation of the final report and presentations to UniStar/EDF senior management on project status of this U.S. EPR project.

Deputy Project Director, Turkey Point, St. Lucie, and Point Beach EPU Projects

2010-2011: Randy assisted the project director in managing the EPU projects across the three jobsite locations. His specific responsibilities included leading the effort to re-baseline both the St. Lucie and Point Beach projects, participate in contract negotiations for implementing a "target price" commercial structure, and leading implementation of the AST/CREFS modification during the Point Beach outage in early 2011.

Project Manager for Services, Calvert Cliffs Unit 3 Project

2009-2010: As Project Manager, Randy was responsible for the management of all work other than the engineering detailed design activities in support of developing the Calvert Cliffs U.S. EPR project. His responsibilities included developing and implementing work processes, procedures, and control tools; monthly reporting to monitor and control the work; daily coordination with the consortium partner and client; and providing project status to both internal and external customers.

Business Manager, Elm Road Generating Station

2006-2008: As Business Manager, Randy managed all commercial systems including cost, schedule, accounting, and prime contract administration. He provided technical direction to project controls personnel in the home office and field. He interfaced daily with team members to ensure



compliance with the project execution strategy and objectives and provided status information to project team members and senior management. He also interfaced with the owner and subcontractors and assisted the project manager with other duties as assigned.

Assistant Project Manager, Worsley Alumina Project

2005–2006: Randy was responsible for managing the project from the proposal stage through execution and closeout activities. His specific responsibilities included providing oversight and direction to the Contracts, Procurement, IS&T, Administration, Office Services, Accounting, Project Controls, Prime Contracts Administration, and Human Resources departments.

Business Support Manager, Mining & Metals

2004–2005: Randy was responsible for reviewing the Mining & Metals Global Business Unit (GBU) business management systems and upgrading them as necessary to facilitate standard reporting across the GBU. He conceptualized and developed a commercial database allowing comparison of historical and active projects, and he provided support to the proposal development process.

Project Controls Functional Manager, Bechtel Telecommunications and Industrial

2002–2004: Randy provided functional oversight for projects in North America to ensure correct application of cost/schedule control tools and accurate analysis. He also administered personnel functions for project controls employees and interfaced with senior management to ensure that project needs were being met and future needs anticipated.

Project Controls Functional Manager, Bechtel Power

2000–2002: Randy provided functional oversight for fossil projects in North America to ensure correct application of cost/schedule control tools and accurate analysis. He administered personnel functions for project controls employees and interfaced with global and regional business unit managers as well as project managers to ensure continuous fulfillment of project needs.

Business Manager, Hain Tao Combined Cycle Project

1999–2000: Randy was responsible for all cost- and schedule-related functions, prime/subcontract administration, and commercial operations. He interfaced with team members to ensure compliance with the project execution strategy and objectives, provided status information to team members and senior management, interfaced with the owner/contractors, and assisted the project manager with other duties as assigned.

Project Controls Supervisor, Nuclear OMV Core Team, TermoEmcali, Dabhol, and Perryman Projects

1993–1999: On the Nuclear OMV Core Team, Randy's responsibilities included analyzing utility and industry data to identify potential business opportunities, performing detailed financial analysis of target facility operating budgets, and developing future budget models. He supported business development by developing oral and visual presentation material.

On the TermoEmcali project, Randy supported project development efforts, performing bid package analysis for Power Island and construction services contracts.

On the Dabhol project, Randy supervised day-to-day operations and provided technical direction as required. He ensured accuracy and timeliness of project reports and provided special reports/studies to management.

On the Perryman Unit 51 project, Randy monitored the budgets, prepared monthly management reports, developed trend and scope change estimates, and supervised startup/closeout activities.

Project Planner/Cost & Scheduling Engineer/System Planner, Hershey Foods, Chevron/Bechtel Alliance Philadelphia Refinery, Lipari Landfill Superfund, Limerick, and Peach Bottom Projects

1988–1993: Randy's responsibilities included providing cost and schedule support, developing and issuing weekly and monthly management reports, developing budgets and cash flows, estimating lump sum contracts, preparing quarterly financial updates, and supporting business development.

Electrical Field Engineer, Limerick, Pilgrim, Palo Verde, and Byron Projects

1979–1988: Randy was responsible for reviewing drawings, compiling and maintaining open items punch lists, implementing design change packages during outages, reviewing startup work authorizations for work scope and material requirements, distributing work, and resolving field engineering problems.



Edward (Ed) A. Sherow

Design and Licensing

Technical Qualifications

- Six Sigma Champion

Education

- BS, Electrical Engineering, Rensselaer Polytechnic Institute

Ed Sherow has over 42 years of engineering experience in the nuclear and fossil power industry, focusing on all phases of power plant activities, with specific background in electrical. He has worked on numerous projects throughout his career including Calvert Cliffs, Grand Gulf, Turkey Point, Brown's Ferry Units 1 and 3, and U.S. EPR.

Engineering Manager, Nuclear Projects

2012–Present: Ed Sherow is currently responsible for functional engineering management oversight and development and execution of multiple nuclear projects. His responsibilities include assistance and review of project estimates/schedules, project setup and staffing review, quality, schedule, and budget performance monitoring, project-specific process and procedural approvals, and coordination of lessons learned and experience among multiple nuclear projects.



Nuclear Project Engineering Manager/Project Engineer, U.S. EPR, UniStar Projects

2005–2011: Ed managed the detailed design for the U.S. EPR 1,600 MW nuclear plant with the first plant targeted for Calvert Cliffs. He also managed the work associated with supporting the design certification support to AREVA for the U.S. EPR nuclear plant, and he managed the development and support to UniStar (Constellation) for the combined operating license application for Calvert Cliffs nuclear plant Unit 3.

Fossil Project Engineer, Fossil Technology Group

2005–2005: Ed managed the development and design of fossil generation plants. His role involved supervision or coordination of multidisciplinary engineers, technical specialists, estimators, and Business Development to develop practicable proposals for fossil power projects. In this role he coordinated closely with clients.

Task Integration Manager/Metrics Manager, Browns Ferry Unit 1 Restart Project

2003–2005: Ed was responsible for the overall execution and quality of work related to metrics reporting, integrated task equipment list programming and data integrity, and the training program.

Assistant Project Manager/Project Engineer, Mountainview Project

2001–2003: As Assistant Project Manager, Ed's responsibilities included supervising execution planning, contract administration of the EPC agreement, contract administration of major equipment (including the GE Power Island subcontract), contract compliance, and championing other specific areas of critical concern for project success. He was also responsible for interface with the owner's project manager and for monitoring cost and schedule progress. As project engineer, he was responsible for the overall engineering of the project, including technical correctness, compliance with codes, optimization of design/installation costs, and interface with suppliers and the owner.

Fossil Project Engineer, Fossil Technology Group

1999–2001: Ed managed the development and design of fossil generation plants. His role involved supervision or coordination of multidisciplinary engineers, technical specialists, estimators, and Business Development to provide proposals that realistically account for the development aspects of fossil power projects. Ed also completed a 7-month assignment at the Red Hills Generation Facility, a 440 MW CFB in Mississippi, as the Project Field Engineer responsible for all field engineering.



Multi Project Acquisition Group (MPAG) Manager, MPAG

1996–1999: Ed managed the electrical MPAG, an integrated cross-functional team of engineering and procurement personnel implementing the Bechtel supply chain strategy. His efforts focused on optimizing and managing cost and schedule in the delivery of equipment. Key items included interfacing power projects and suppliers, implementing standard products, making process improvements, and negotiating supplier agreements. During this period, he managed the combined Electrical/Control Systems MPAG until it was separated into two groups.

Project Manager, Substation/Transmission Engineering

1993–1996: In this assignment, Ed was responsible for commercial and technical operations of the Gaithersburg Substation/Transmission Engineering (STE) Group. The STE Group varied from 20 to 30 multidisciplinary engineers conducting switchyard and transmission line work directly for utilities while also supporting Bechtel New Generation projects.

Project Engineer, Browns Ferry Nuclear Unit 3

1991–1993: Ed's responsibilities included overseeing the electrical discipline consisting of 135 to 200 engineers preparing design modifications for upgrading Unit 3 to allow restart. His efforts included monitoring schedules for all activities; monitoring costs; interfacing with the client; supervising personnel; and preparing, evaluating, and approving proposals. He was also responsible for special projects and later the Design Change Notice (DCN) Production Group. Special projects duties included overall responsibility for the Procurement Engineering Group and engineering scheduling for restart of Browns Ferry Unit 3. For the DCN Production Group, he was responsible for a multidisciplinary group of 250 engineers preparing design modifications for upgrade of Unit 3 to allow restart. That role included monitoring schedules for all activities; monitoring costs; interfacing with the client; and preparing, evaluating, and approving DCN modification packages.

Project Engineer/Group Supervisor, Florida Power and Light (FPL) Projects

1986–1991: Ed was responsible for managing FPL's drawing update efforts for Turkey Point Units 3 and 4. His work included approving drawings as client representative, monitoring and controlling work output, reviewing indicators, assigning work priorities for up to 60 people, and maintaining budgets/schedules. He was also responsible for managing the design fossil operating plant services and the electrical and I&C work.

Group Supervisor, Electrical/Control Systems Group, Operating Services

1984–1986: Ed's responsibilities included supervising electrical and instrumentation and controls (I&C) work at various operating plants. He approved drawings, calculations, and installation packages; prepared and evaluated proposals, coordinated with vendors and the client, monitored schedules and budgets, and oversaw the electrical/control systems work of up to 20 engineers. Typical projects included addition of a precipitator for BG&E H.A. Wagner Unit 3, addition of a dry cask spent fuel storage, a radiation monitoring upgrade, and a facilities renovation for Virginia Power's North Anna and Surry Nuclear Stations. In addition, he managed installation of a natural gas warm-up for BG&E H.A. Wagner Unit 2, an upgrade of coal handling and sampling facilities for Virginia Power's Mt. Storm Plant, a conversion to natural gas for FPL's Martin plants, and use of coal water slurry as an alternate fuel for the Pfizer plant at Groton.

Group Supervisor, Electrical/Control Systems Group, Grand Gulf Units 1 and 2

1976–1984: In this assignment, Ed's responsibilities included approving drawings, calculations, and installation packages, preparing/evaluating proposals, coordinating with vendors/client, monitoring schedules/budgets, and supervising electrical and I&C work.

Electrical Field Engineer, Calvert Cliffs Units 1 & 2 and Grand Gulf Unit 1

1972–1980: Ed was responsible for installation and turnover to Startup of various plant systems. His duties included verifying system scope, walking down the system to ensure construction conformance to the design, interfacing with Design Engineering, preparing punch lists for outstanding items, and releasing systems to Startup. He was also responsible for cable installation. His other duties included verifying routing (both by drawing review and walkdowns), correcting routings, cable inspections, initiating termination installation, cable termination inspection, documentation reviews, and problem resolution.



Stephen D. Routh

Design and Licensing

Technical Qualifications

- Registered Professional Engineer, Virginia
- Six Sigma Champion

Education

- MBA, Finance, Mount St. Mary's College
- MEng, Nuclear Engineering, Pennsylvania State University
- BS, Nuclear Engineering, Pennsylvania State University

Memberships

- Member, American Nuclear Society
- Member, ANS SMR Task Force
- Member, EPRI Advanced Nuclear Technology Group
- Member, NEI COL Task Force
- Member, NEI Seismic Issues Task Force

Steve Routh, Senior Project Manager, has over 30 years of nuclear experience, has supported new nuclear generation efforts at various sites since 2001, and is the manager of Bechtel's New Nuclear Generation and Fukushima Response projects. He is recognized as an industry expert in nuclear engineering, safety, and licensing, and is an active member of NEI and EPRI new generation task forces and working groups.

Manager, Nuclear Engineering Services

2013–Present: Steve is responsible for Bechtel's engineering and licensing services projects including support of operating plants, new nuclear generation, Fukushima response projects, and proposal preparation.

Manager of New Nuclear Generation and Fukushima Response Projects

2009–Present: Steve is responsible for Bechtel's new nuclear generation and Fukushima response projects including:

- North Anna COL and Owner's Engineer (APWR/ESBWR)
- Turkey Point COL (AP1000)
- Calvert Cliffs COL (USEPR)
- AREVA DCD (USEPR)
- Clinch River Construction Permit Application (mPower)
- Dominion, South Texas, Watts Bar, and Constellation Fukushima response projects

He also managed Bechtel's overall Fukushima response efforts including industry representation, development of approaches and capabilities, and proposal preparation.

Project Manager

2001–2008: As Manager of the ESP/COL Technology Group, Steve provided engineering and licensing oversight of Bechtel's new generation projects (Calvert Cliffs, North Anna, South Texas, Vogtle, V.C. Summer, Turkey Point, and Victoria County). He was also the project manager for the North Anna ESP project, North Anna COL and Site Engineering project, and the Turkey Point COL project.

Manager of Regulatory Affairs

1999–2001: Steve was responsible for the licensing and regulatory oversight of Bechtel nuclear power projects (including Connecticut Yankee decommissioning, new nuclear generation, steam generator replacements, and operating plant services) and SERCH, Bechtel's generic licensing service.

Licensing and Safety Analysis Supervisor, U. S. Enrichment Corporation

1995–1999: Steve managed the preparation of the upgraded Safety Analysis Reports for the Paducah and Portsmouth gaseous diffusion plants and managed activities for the project team including subcontractor support. He also provided detailed cost and schedule control and technical





review of revised analyses, responded to NRC questions, and interfaced with NRC and DOE personnel. He also established regulatory processes for NRC oversight.

Project Engineer for the North Anna 1, North Anna 2, and Ginna SGR Projects

1991-1995: Steve's duties included managing mechanical, materials, civil, nuclear, and licensing engineering activities in support of the projects, including evaluation of alternative approaches, conceptual and detailed engineering, constructability reviews, subcontractor control, and client interface.

Assistant Chief Nuclear Engineer

1987-1991: Steve provided nuclear licensing support to operating plant services projects in the areas of design change packages, operability and safety evaluations, justification for continued operations, Part 21s, and NRC interaction, and he assisted in the administration of the nuclear department and salary planning.

Nuclear/Licensing Supervisor

1983-1987: Steve prepared the safety analysis report, environmental report, and license documents for the Surry plant dry cask independent spent fuel storage installation (the first one licensed in the United States), and he supported several other operating plant services and SGR projects.

Licensing Engineer/Deputy Supervisor, Grand Gulf Project

1980-1982: Steve supported the licensing effort for the operating license, preparation of the FSAR, and development of the environmental report and the technical specifications. He supported NRC question responses and public hearings as well as NRC safety evaluation report review and SER open item responses.



Robert A. Exton

Supply Chain Management

Technical Qualifications

- Member, Original Lifetime Certified Purchasing Manager, Institute for Supply Management
- Bechtel Certification—Procurement Manager

Education

- BS, Business Administration with Emphasis in General Management, Humboldt State University
- AS, Forestry Science, North Dakota State University

Robert (Bob) Exton, Procurement Operations Manager for nuclear projects, has 37 years of procurement experience working on nuclear, fossil, and telecommunications projects, over half of them in the nuclear power generation industry. Bob has held positions of increasing responsibility in various field procurement managerial positions, including material management and purchasing, contracts and purchases management, and commercial leadership.



Procurement Operations Manager, Nuclear Power

2008–Present: In his current role, Bob is responsible for managing and monitoring procurement operations for all nuclear projects. His main focus the past year has been on setting up and staffing our ongoing nuclear projects in addition to overseeing activities on the other nuclear projects, drawing on past experience, lessons learned, and the Six Sigma philosophy. As an active participant at the Nuclear Energy Institute Manufacturing Outreach Workshops, Bob maintains extensive relationships with the nuclear supplier community.

Program Procurement Manager and Deputy Program Procurement Manager, Cingular Wireless Project and the AWS Project

2002–2008: Bob was responsible for the procurement operations of these telecommunication projects, focusing on Materials Management. He was also responsible for the integration of the AWS project to the Cingular system and for ongoing procurement operations in support of the nationwide build program. This build program included 8 markets with a staff of 20, including material coordinators and a purchasing group.

Proposal Manager, Power Multi-Project Acquisition Group (MPAG)

2000–2002: Bob was involved with all proposal efforts for power projects and was the primary representative on project development teams, providing market knowledge and strategy and ensuring that Procurement supported the development schedule.

MPAG Commercial Lead, Balance of Plant and Electrical

2000–2000: Bob was responsible for managing and coordinating the buying activities in support of the power projects executed from the Bechtel Power Center of Excellence.

Project Procurement Manager, Aleppo, Quesen and Dabhol Projects / Nuclear Operations

1991–2000: Bob was responsible for developing, negotiating, and administering purchase orders and subcontracts for three fossil power projects in the Middle East and Asia. On the Aleppo Project, Bob was responsible for final equipment buyouts, expediting, inspection, traffic and logistics and shipment of remaining equipment and services.

Additionally, Bob was involved in the development of new power plant construction projects. In this Nuclear Operations role, he was responsible for coordinating procurement activities associated with the North Anna Unit 1 SGR, V.C. Summer SGR, and FURNAS project and for the issuance and administration of major lump sum subcontracts.



Senior Contracts/Purchases Supervisor/Specialist, Pellaeos Steam Generator Replacement
1989-1991: Bob was responsible for negotiating and issuing major lump sum subcontracts and purchase orders.

Contracts/Purchases Supervisor/Specialist, Linerich Nuclear Project
1987-1989: Bob was responsible for coordinating purchasing activities, administering assigned blanket orders, and supervising closeout of home office contracts and field purchase orders.

Contracts/Purchases Supervisor/Specialist Buyer/Spare Parts Supervisor/Warehouse Receiving Supervisor, Palo Verde Nuclear Project
1978-1987: Bob was responsible for assisting in forecast planning, conducting training on procedures, and reporting progress to the client and engineering.

October 1, 2015

Mr. Danny L. Roderick
President and Chief Executive Officer
Westinghouse Electric Company, LLC
1000 Westinghouse Electric Drive
Cranberry Township, Pennsylvania 16066

Dear Danny:

For the better part of four weeks, we've been discussing a specific proposal brought to us by Westinghouse and memorialized in a September 12th term sheet. This proposal is intended to settle all existing disputes between the Owners and Westinghouse under the May 23, 2008 EPC Agreement and, in the process, allow Westinghouse to cleanly remove Chicago Bridge & Iron from the Project.

A purported indirect benefit to the Owners from Westinghouse's proposal would be to get the V. C. Summer Project schedule on track and to put the Owners in a better place in terms of cost and schedule than would be the case if Chicago Bridge & Iron were to remain associated with the Project under the current arrangement. Further, as it has been explained to the Owners, this proposed settlement is one of three related deals that Westinghouse is negotiating at this time, the other two deals being with the Owners of the Plant Vogtle Project and with Chicago Bridge & Iron, respectively. On _____, the Owners sent Westinghouse their formal counterproposal to Westinghouse's September 12th term sheet.

Given how Westinghouse initiated this conversation, our discussions have been necessarily limited by the four corners of the term sheet (and now counterproposal) and its limited, time-sensitive objectives. Although those discussions have been useful, the purpose of this letter is to move beyond those discussions and consider more broadly the longer term objectives of both Toshiba and Westinghouse; the Owners; and the Project itself. By considering those broad objectives and the synergies among them, our hope is that we will be able to continue our conversation about how to put this project on track toward completion regardless of whether Westinghouse is successful in quickly closing the three deals it is presently negotiating.

What does Toshiba and its wholly-owned subsidiary Westinghouse Electric Company need?

In its sales literature, Westinghouse describes the AP1000 Pressurized Water Reactor as "... the safest and most economical nuclear power plant available in the worldwide commercial marketplace." Not only does Westinghouse believe that is the case, but South Carolina Electric & Gas Company (SCE&G) and Santee Cooper believe that as well, demonstrated most conclusively by executing the Engineering, Procurement, and Construction Agreement with Westinghouse and Stone & Webster (the latter then-owned by The Shaw Group, Inc.) in 2008. To put a finer point on this, by executing the EPC Agreement, SCE&G and Santee Cooper made the largest financial commitments their respective companies had ever made up to that time -- or since -- and accepting the opportunity cost and burden

associated with this financial commitment in this first of its kind technology. The Owners have skin in the game.

Further, just as Westinghouse and its parent company Toshiba hope to market and build many more AP1000 units throughout the world, the Owners want Westinghouse to be successful in this endeavor. The Owners believe, and they hope Westinghouse and Toshiba are still optimistic enough to believe, that the value generated from Westinghouse AP1000 contracts executed to date, are a fraction of what is possible, and approach their negotiations with the Owners from that broader perspective.

However, to be successful in this undertaking, Westinghouse has to demonstrate to potential future customers that it can actually build these units on time and on budget, and that these units will operate as advertised. Put another way, if Westinghouse and Toshiba hope to successfully market additional AP1000 units beyond the limited number of units now under construction, they need to have AP1000 units successfully constructed and operating smoothly, so that potential customers can realize the value of these accomplishments. In terms of building the 'AP1000 brand', a number of successful operating units throughout the world would certainly advance that effort.

To meet this important goal, what Westinghouse and Toshiba need in the near term is a fully completed design, more effective project integration, and an achievable execution plan and schedule. Westinghouse asserts that in order to successfully complete the Project it must first remove its Consortium partner Chicago Bridge & Iron from the Project, which as a practical matter means acquiring the necessary CB&I Stone & Webster assets and personnel associated with the Project; resolving all commercial issues it has with Chicago Bridge & Iron under the Consortium Agreement; and obtaining from the Owners a full and unqualified release of the Chicago Bridge & Iron Parental Guaranty.

What does SCE&G, Santee Cooper and their respective regulators, customers and shareholders need?

The Owners long term needs are much easier to describe: Two fully complete AP1000 Nuclear Units in commercial operation at the V. C. Summer site in time to realize full benefit of the available Federal Production Tax Credits (i.e., both units in service prior to January 1, 2021).

The Owners immediate needs are these:

- ✓ An integrated construction plan that ensures schedule adherence and cost containment.
- ✓ Transparency as the Project moves forward.
- ✓ Credibility in the financial markets.
- ✓ Credibility with regulators and customers.
- ✓ Assurance that Toshiba Corporation, the owner of Westinghouse Electric Company, is fully committed to the success of this Project and has 'skin in the game.'

From an EPC success perspective, what does the V. C. Summer Project need?

The Project's needs include assuring that a competent and integrated project team is installed operating in a genuine and robust atmosphere of transparency and mutual trust. Toshiba, Westinghouse and the Owners need to comfortably see themselves as members of a single team pulling together and committed to the completion of the V. C. Summer Project. Put another way, those working on the Project, regardless of who signs their paycheck, need to view themselves as members of a single team dedicated to the success of the Project, rather than 'counterparties' under various agreements related to the project, attempting to extract as much value as possible for their employer.

More specifically, the Project's immediate needs include:

- ✓ Completed Bechtel Assessment.
- ✓ Completed AP1000 Design.
- ✓ Completed Balance of Plant Design.
- ✓ Achievable Project execution plan and schedule.
- ✓ Construction/Equipment Delivery Milestone Payments / Delay Liquidated Damages designed to drive schedule adherence.
- ✓ Competent Project integrator capable of coordinating and ensuring the timely completion of all aspects of:
 - Engineering
 - Engineering Change Management.
 - Procurement
 - Construction
- ✓ A well-managed and highly competent construction team committed to the timely completion of the Project.

A path forward

PRIORITY # 1: COMPLETING THE BECHTEL ASSESSMENT

No deal can take place between Westinghouse and the Owners without the completion of the Bechtel Project Assessment, which in turn demands complete transparency and the Consortium's full and timely support in providing Bechtel all of the information it needs for this purpose.

PRIORITY #2: TOSHIBA CORPORATION: 'SKIN IN THE GAME'

As noted earlier in this letter, everybody has an interest in getting this Project built: For the Owners, that interest is putting two carbon free, base load units on line at the earliest possible date to

serve the needs of our customers and the State of South Carolina. For Toshiba and Westinghouse, that interest is building the 'AP1000 brand' for the purpose of marketing this technology by demonstrating to the world that the AP1000 can in fact be built and, once built, will operate as advertised.

As this Project has moved forward, it has become evident to the Owners that they have been asked to bear an undue share of the developmental costs of this first of a kind technology -- an investment that should benefit Westinghouse and its owner, Toshiba over the long term. For example, by executing the 2008 EPC Agreement and on the strength of representations by the Consortium, the Owners apparently undertook the risk that the AP1000 design was and would be sufficiently mature to meet the substantial completion dates. In the same vein, by executing the EPC Agreement the Owners also apparently undertook the risk that Westinghouse would be able to work effectively with the contractor it had chosen in forming the Consortium to build this first of a kind unit.

In addition, as this Project has moved forward, the Owners have become increasingly concerned that Toshiba and Westinghouse might not be fully committed to developing the AP1000 brand, but are taking a more myopic view of their interests, seeking to extract whatever profit is to be had from the AP1000 design from the handful of EPC agreements it presently has in place.

Understanding that Westinghouse requires the Owners consent to cancel the Chicago Bridge & Iron Parental Guaranty and, with Toshiba and Westinghouse hopefully understanding that the Owners need a demonstration that Toshiba is committed to the project by putting some 'skin in the game', the Owners are proposing:

- That Toshiba replace its current Payment-only Parental Guaranty with a Toshiba Payment and Performance Guaranty.
- That the Owners have an opportunity to formally meet with Mr. Shiga Shigenori before executing any new agreements with Westinghouse.

PRIORITY #3: MOVING FORWARD TOGETHER WITH AN OWNER'S ENGINEER PROJECT MODEL

Over the course of the Project, it has become painfully apparent to the Owners that the Consortium lacks the ability to provide effective project integration including the project controls necessary to ensure the timely completion of all EPC activities on a project of this scale. The reasons for this inability are not entirely understood by the Owners, although they likely involve some mix of a lack of project design maturity; insufficient resources to support the current AP1000 projects; a lack of project integration and controls expertise; and internal commercial issues initially between Westinghouse and The Shaw Group and now between Westinghouse and Chicago Bridge & Iron. The Owners do not believe that the acquisition by Westinghouse of the assets of CB&I Stone & Webster coupled with the introduction of a new and untested nuclear project manager/constructor serving as a subcontractor to Westinghouse will provide adequate assurance (nor Owner visibility) that the Project issues will be resolved in a timely manner to complete the Project on a predictable schedule.

In light of this, the Owners strongly believe that a reputable, third party Owner's Engineer is needed at this juncture to assist Westinghouse and the Owners with the completion of this Project. This project model will provide much needed credibility for all Parties. We request that Westinghouse immediately accept an Owner's Engineer to the Project to begin open and transparent discussions on issues including:

- Evaluation of the current Westinghouse proposed deal.
- Status of all engineering, procurement & construction activities
- Status of all supply chain issues & mitigation plans
- EPC project integration & project controls
- EPC structure and processes
- Development of achievable project and cost schedules

As a path forward, full agreement on the "3 priorities" listed above will best position Westinghouse to remove Chicago Bridge & Iron from the Project. After you have reviewed this letter, please contact me so that we can set up a time for the Owners and Westinghouse to discuss this in more detail.

Sincerely,

Kevin Marsh

Cc: Mr. Shiga Shigenori
Mr. Lonnie Carter

Carter, Lonnie

From: Carter, Lonnie
Sent: Monday, September 21, 2015 8:39 PM
To: BYNUM, ALVIS J JR; STEPHEN A BYRNE
Cc: Pelcher, Steve; Baxley, Mike; Crosby, Michael; LINDSAY, RONALD; Kevin Marsh
Subject: Re: Counter Offer to the Consortium

Al and Steve,

WEC is not really being cooperative. Danny hides behind competitive issues that are vapors at best. He says that he supports transparency, let's see it.

Bechtel is in the the best position to inform us about where things really are. My guess is that the parties will likely reach an agreement sooner to move the Project forward with Bechtel's advice and WEC's cooperation. What ever we agree on will not be an easy sell for any of us to our respective stakeholders. A third party can give credibility to the new agreement (if there is one) and help us make sure the Project is completed.

The sooner we get WEC on board with Bechtel's involvement the more likely things will move forward at a faster pace.

Just a thought for us to consider.

Thanks,
 Lonnie

Sent from my iPad

> On Sep 21, 2015, at 8:20 PM, BYNUM, ALVIS J JR <ABYNUM@scana.com> wrote:

Redacted - Privileged

> **From:** Pelcher, Steve <stephen.pelcher@santeecooper.com>

> **Sent:** Monday, September 21, 2015 6:21 PM

> **To:** BYNUM, ALVIS J JR

> **Cc:** Baxley, Mike; Crosby, Michael; Carter, Lonnie

> **Subject:** Counter Offer to the Consortium

> ***This is an EXTERNAL email. Please do not click on a link or open any attachments unless you are confident it is from a trusted source.

> Al: I just got off of the telephone with Michael Crosby. Michael tells you are the keeper/editor of the DRAFT Counter Offer that the Owners will be sending to the Westinghouse shortly.

> Although I am in Washington, DC this evening for a meeting tomorrow morning, I will be able to review and function on your draft letter this evening as well as tomorrow afternoon.

Redacted - Privileged

Redacted - Privileged

> Anything you might be able to share with me now -- even if it is preliminary -- would be appreciated.

> Thanks.

> Steve

> Confidentiality Notice:

> This message is intended exclusively for the individual or entity to
> which it is addressed. This communication may contain information that
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> notify the sender immediately either by phone or reply to this e-mail,
> and delete all copies of this message.

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> *****
> WARNING -- this e-mail message originated outside of Santee Cooper.

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> If you have questions, please call the IT Support Center at Ext. 7777.

> *****
> *****

Hartley, Amy

From: Carter, Lonnie
Sent: Tuesday, June 09, 2015 2:12 PM
To: Hartley, Amy
Subject: Fwd: CEO Talking Points
Attachments: 2015 06 05 - CEO Meeting Talking Points - Background Information.pdf; ATT00001.htm

Amy,

Please print and include in the info you send to the house. Thanks,

Lonnie

Sent from my iPad

Begin forwarded message:

From: "Crosby, Michael" <michael.crosby@santeecooper.com>
Date: June 5, 2015 at 8:25:16 AM EDT
To: "Carter, Lonnie" <lonnie.carter@santeecooper.com>, "Hartley, Amy" <amy.hartley@santeecooper.com>
Subject: CEO Talking Points

Lonnie,

I added a few pieces of information to the document.

Please disregard the one I sent last night dated 2015 06 04 ... and use this one instead dated 2015 06 05.

Amy,

Please color print the attached doc ... and update the folder I placed in your chair last night.

Thanks,
 mrc

CEO Meeting Talking Points – Background Information

Completion of the WEC AP1000 design has been a significant project challenge affecting procurement and construction. The **incomplete design** of the AP1000 has resulted in 3 - 4 years of inefficient (and very poor) site execution. As a result, the Consortium has not been able to achieve success on any schedule or cost estimate published to date.

These issues have created a significant question of Consortium credibility regarding the delivery of the project. To move forward, the Owners plan to pursue a 3rd party evaluation to clearly define the issues impeding progress and to determine mitigative strategies necessary to ensure the project's success, and in turn, the success of all parties.

Following are talking points that substantiate **incomplete design** as the primary project impediment along with the **projected cumulative impact on Target Cost**.

INCOMPLETE DESIGN

1. Original EPC (May 2008)

GSCDs: Apr 2016 / Jan 2019

- Lake Charles
 - Poor performance from onset was masked by the following issues
 - COL delay
 - Basement rebar issues
 - **Engineering & Design Coordination Reports (E&DCRs) were an issue as well** ... but had not come into focus at this time.

For information ... E&DCRs can be issued by the design authority (unsol cited) or solicited by a party in the field (site construction, fabrication shop, etc.) to resolve constructability or non-conformance issues.

CEO Meeting Talking Points – Background Information

2. EPC Settlement (Jul 2012)

GSCDs: Mar 2017 / May 2018

- Two (2) fabrication shops now involved:
 - **CBI-LC** ... known poor performer for a number of reasons including:
 - Poor nuclear safety culture (chilled work environment)
 - Inability to properly document work
 - Material traceability issues
 - Inability to ship submodules with C of Cs
 - Site Level D Storage (quantity of)
 - Incomplete submodules delivered to site
 - Rework required at site
 - Lack of design maturity (volume of E&DCRs)
 - Regarding design maturity ... Unit 2 CA20 is an example; however, any structural module is applicable
 - CA20 scheduled hook Jan 2013 (July 2012 Settlement)
 - CA20 set on Nuclear Island May 2014 (16 months late)
 - CA20 set with **308 open E&DCRs** against it.
 - CA20 still has **XXX open E&DCRs**.
 - Wall concrete not placed over 1 year later.
 - **Volume of design changes** ... per CB&I project management, CB&I-LC is working on a **commercial claim** against Westinghouse for CB&I's inability to fabricate / deliver submodules on any prescribed schedule.
- **Newport News Industries (NNI)**
 - Owners' understanding was that NNI supported the July 2012 Settlement Schedule ... with no expediting required.
 - **E&DCRs have been a significant issue** from the onset and eventually led to a significant change order request from NNI (more details below).

CEO Meeting Talking Points – Background Information

3. Module Delay (Jun 2013) SCDs: Dec 2017 - Mar 2018 / Dec 2018 - Mar 2019

- **Engineering is a challenge** ... at Presidents' Meeting (Dec 2013) – Jeff Benjamin announced the need for a Rebaselined Schedule. A definition for “engineering complete” had recently been established at WEC and engineering was to be completed as follows:

- Civil / Structural Jan 2014
- All other disciplines Feb 2014

The above engineering milestones were not achieved.

- **Engineering completion revisited** ... in Jan 2015, WEC committed to achieving an “engineering complete” milestone by **Apr 30, 2015**.
- **Engineering milestone partially achieved** ... on Apr 30, 2015, WEC claimed that the issuance of all Rev 0 drawings was achieved for the Nuclear Island (only) ... but with the following exceptions:
 - Auxiliary Building
 - Electrical raceway design above Elev. 100'
 - Roof design

In addition (per the May Project Review Meeting update) **engineering design is not complete** for the Annex Building, Turbine Building, and balance of plant site specific areas.

4. Rebased Sched (Aug 2014) SCDs: Dec 2018 - Jun 2019 / Dec 2019 - Jun 2020

- Lake Charles was de-scoped in 2014.
- Four (4) new fabrication vendors were added to the submodule supply chain (OIW, SMCI, Toshiba, IHI).
 - **Oregon Iron Works (OIW)** - Unit 3 CA20 - 13 of 72 submodules
 - All 13 are late.

CEO Meeting Talking Points – Background Information

- 1 received
 - Over 1000 E&DCRs issued to date
 - CA20 is clearly still being designed.
- Lake Charles – Unit 3 CA20 – 59 of 72 submodules
 - 25 of 59 received (24 late)

Unit 3 - Jun 2020 Schedule
 CA20 hook date = Sep 2015
 No longer achievable
 Hook currently tracking to Feb 2016 (5 months late)

- SMCi – CA03 (both units) – 34 submodules (17 per unit)
 - Only 2 of 34 received
 - All Unit 2 submodules are past due.
 - Trip to Florida (Feb 2015) ... SMCi disclosed that the volume of E&DCRs received to date has significantly impacted its delivery schedule.
 - SMCi has had other significant procedural type issues that have resulted in self-imposed stop work orders
 - CB&I plans to move (some) CA03 scope back to Lake Charles

Unit 2 - Jun 2019 Schedule
 CA03 hook date = Oct 2015
 No longer achievable
 Hook tracking to May 2016 (7 months late)

Unit 3 - Jun 2020 Schedule
 CA03 hook date = May 2016
 No longer achievable
 Hook tracking to Feb 2017 (9 months late)

CEO Meeting Talking Points – Background Information

- **Toshiba (Tokyo)** – Unit 3 CA01 – 22 of 47 submodules
 - **Over 600 E&DCRs issued to date.**
- **IHI (Tokyo)** - Unit 3 CA01 – 25 of 47 submodules
 - **Over 900 E&DCRs issued to date**
 - Over 100 E&DCRs have had direct schedule impact

Unit 3 - Jun 2020 Schedule
CA01 hook date = Feb 2016
No longer achievable
Hook tracking to Jun 2016 (4 months late)

5. Rebased Sched (current info)

SCDs: Jun 2019 / Jun 2020

- **Dec 2018 / Dec 2019 SCDs** ... in Jan 2015 the Consortium acknowledged that the Dec 2018 / Dec 2019 dates were not achievable.
- **Shield Building Wall Panels require significant expediting** ... the Owners further learned that the Jun 2019 / Jun 2020 dates would require expediting material for the Units as follows:
 - Unit 2 – 3 months expediting required
 - Unit 3 - 5 months expediting required
- **NNI – scope:** Shield Building Panels (both units) – 334 panels (167 per unit)
 - **\$20M CO** – on Apr 23, 2015, the Owners learned that NNI had issued CB&I a change order **due to the volume of design changes**
 - CB&I paid \$10M in good faith to keep work going
 - CB&I / NNI – currently renegotiating T&M contract to allow work to continue.
 - **CB&I / WEC – are currently in binding arbitration over issues at NNI**
 - CB&I is projected to hit hard dollar ceiling Jan 2016 . . at which time work could stop

CEO Meeting Talking Points – Background Information

- **Engineering changes continue to accumulate ...** and Impede schedule performance on nuclear island vertical construction. Following are recent examples:
 - **Nuclear Island Concrete work** - an **engineering change to embedments and rebar configuration** has impacted concrete layers 3, 4, & 5. Issues with engineering code for welded rebar couplers (actual design vs licensing basis) has stopped concrete placements. LARs are in process to resolve the issues. Lift & set of structural module **CA01 is now projected to be a minimum of 3-1/2 months late** depending on licensing outcome.
 - **Shield Building Transition Ring (Elev. 100) – late engineering design changes** for Layer E rebar dowels are delaying concrete placement work necessary to begin shield building transition ring installation.
- **Execution of critical path work ... CB&I continues to fail on executing critical path work.**
 - Two self-imposed stop work actions were required because of lack of work control in the containment vessel (core-drill incident & anchor installation procedures).
 - Unit 2 guaranteed substantial completion date is **currently tracking 101 days late** based on the Jun 2019 schedule received ALg 2014.
- **Progress over last 2 years - less than 8% of CB&I direct work** has been completed.
- **Progress required to achieve Jun 2019 / Jun 2020 SCDs - 84% of the work must be completed over the next 4-1/2 years.**
- **Regulatory and financial support in jeopardy** - the continued failure to meet schedule has severely impacted **project credibility**
 - Owners' credit ratings have been impacted
 - SCE&Gs BLRA rate recovery is at risk.

CEO Meeting Talking Points – Background Information

- **Production Tax Credits in Jeopardy** - due to the uncertainty of shield building material deliveries ... the Owner has little confidence in the consortium's ability to complete Unit 3 by the end of 2020.

PROJECTED CUMULATIVE IMPACT ON COST

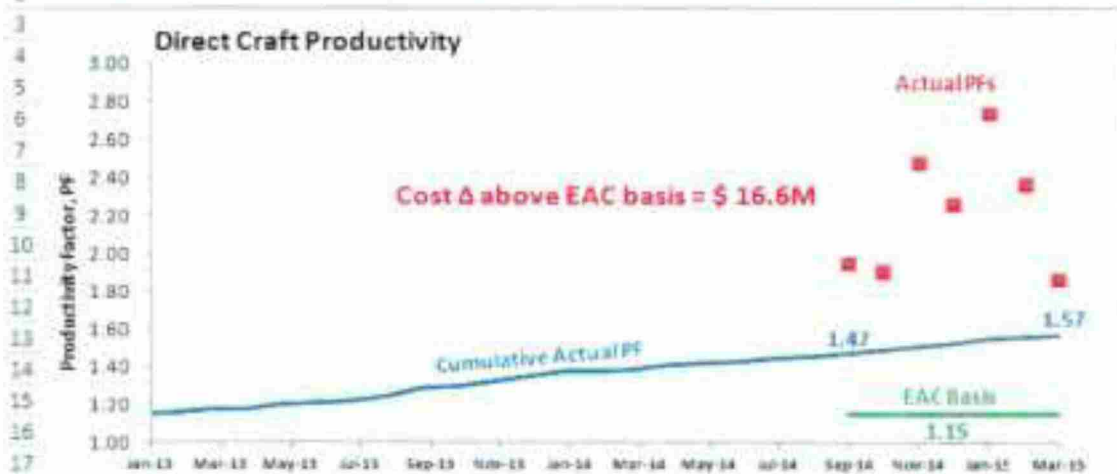
1. Consortium has little credibility ... for developing a realistic cost estimate.

- **EAC** (Aug 2014) ... is the latest example
 - **Target Costs** ... in first seven months following receipt of the EAC were **\$96.1M above the estimate**.
 - **Direct Craft Productivity Factor** (EAC basis 1.15) ... averaged 2.23 resulting in **\$16.6M** in additional costs.
 - **Indirect to Direct Craft Labor Ratio** (EAC basis 0.39) ... averaged 1.34 resulting in **\$31.4M** in additional costs.
 - **Field Non-manual to Direct Craft Labor Ratio** (EAC basis 0.53) ... averaged 1.29 resulting in **\$48.1M** in additional costs.

CEO Meeting Talking Points – Background Information

2. Supporting Charts

1 **Target Cost - \$96.1M over EAC basis in 7 months following receipt of EAC**



CEO Meeting Talking Points – Background Information





Lemua N. Carter
President and
Chief Executive Officer
(843) 761-4100
fax: (843) 761-7033
lcarter@santeecooper.com

Confidential Contract Negotiations

August 23, 2013

Kevin B. Marsh
Chairman & CEO
SCE&G
220 Operation Way D302
Cayce, South Carolina 29033

Dear Kevin:

For almost two years, SCE&G and Santee Cooper have been working with the Consortium (Westinghouse and CB&I) to correct submodule delivery issues from the Lake Charles fabrication facility. When we discussed these problems earlier this year, we were hopeful that the Chicago Bridge & Iron (CB&I) acquisition of The Shaw Group (February 2013) would have an overall positive impact on the project, and particularly, a positive impact on the Consortium's ability to fabricate and deliver submodules.

On April 9, 2013, we met in Columbia with CB&I executive leadership to review its module fabrication status, to include its plan to correct Lake Charles performance issues. CB&I committed to deliver 83 submodules by the end of 2013. Several days after the meeting, CB&I provided its submodule delivery schedule, also dated April 9, 2013, which committed CB&I to only 69 submodules for the remainder of 2013.

As anticipated, the CB&I submodule delivery schedule was integrated into the overall project schedule and resulted in a delay to substantial completion of V.C. Summer Unit 2. This delay was quantified as nine to twelve months and publicly announced to the financial community by SCE&G at an Analyst Day presentation June 5, 2013.

As I am sure you are aware, based on the CB&I schedule, only five of thirteen scheduled submodules have been delivered as of this writing. Although early indications seemed positive that CB&I executive management were engaged in improving the performance at Lake Charles, the delivery record unfortunately demonstrates otherwise, placing the project schedule in jeopardy once again. I know you agree that this is unacceptable.

The Consortium's inability to deliver submodules has been a major source of concern and risk for this project for a long time. At the last president's meeting on June 21, 2013, the Westinghouse and CB&I discussion demonstrated that they do not function well as a team to resolve critical project issues. The Consortium's schedule performance, including any associated module delay costs currently embedded in project costs or future claims against the

Kevin B. Marsh
August 23, 2013
Page 2

project, are simply unacceptable to Santee Cooper. Our view is that the Consortium's inability to fulfill their contractual commitments in a timely matter places the project's future in danger. SCE&G and Santee Cooper need to examine together the remedies provided for under the EPC for the Consortium's failure to perform and exercise the fullest extent those remedies to protect our interests.

Kevin, based on our discussion, I know that you share my concern for the fabrication of the submodules in a timely manner. This has become a critical issue for the project and our companies. I recommend that we meet with our senior team members involved in the project and develop a plan forward. The plan should make clear that we hold the Consortium accountable for the costs to our companies and should insist on the Consortium providing a realistic plan that can be executed by the Consortium to fabricate and deliver the submodules in a timely manner to complete the project on schedule.

Please call me soon to further discuss this matter.

Sincerely,


Lonnie N. Carter

LNC:aih

Carter, Lonnie

From: Crosby, Michael
 Sent: Friday, March 21, 2014 6:43 PM
 To: Carter, Lonnie
 Cc: Singletary, R.M.; 'CHERRY, WILLIAM (WILLIAM.CHERRY@scana.com)'; Crosby, Michael
 Subject: Modules and Pegasus
 Attachments: Pegasus Letters.pdf

Lonnie,

Sorry for the long note ... Amy told me you were getting lined up for a trip to the farm.

It has not been one of my better trips.

Following are few notes.

I'm on the road home (next 2-1/2 hours) ... so call if you would like talk now or anytime this weekend.

Modules

CA20 hook has slipped another week ... CB&I now saying Apr 15 ... but with little confidence.

MAB performance has declined over the last couple of weeks.

The latest excuses are:

- Crews are tired and making mistakes which have included 2 or 3 recent safety stand-downs.
- Absenteeism ... folks dragging up ... not coming in on shift
- Cannot find and qualify welders.

Archie and I made it clear (again) that CB&I has not committed the proper resources to the job ... the folks are tired for a reason.

It becomes more apparent each day ... the problem is broader than just craft resources ... there is a site leadership deficit as well ... a point that we also made clear.

Vogle set CA20 ... Mar 8 ... we will be more than a month past that.

Pegasus

Pegasus has two (CA03) POs with CB&I ... one for Unit 2 ... one for Unit 3.

I do not know the value of the existing POs ... but believe each is worth around \$6M ... based on conversations with Randy Harrison (CB&I).

Steve Byrne ... forwarded me the attached letters between Pegasus & CB&I ... which sheds light on where the negotiations stand ... but provides only limited detail on the issues that divide the companies.

Following is my summary of the letters.

Pegasus, Mar 6 letter ...

- Proposal ... seeks modifications to the existing POs:
 - Modifies total cost and billing structure.
 - Requests \$2.2M payment up-front
 - Requests waiver of LDs
 - Alleges that an (on-site) senior CB&I employee was instrumental in developing the proposal.

CB&I, Mar 11 letter ...

- Rejects Pegasus (Mar 6) proposal ...
 - Requests Pegasus revisit its assumptions and resubmit plan with substantial reduction in pricing and terms
 - Requests auditable accounting of activities to validate Pegasus payment requests received to date.

Pegasus, Mar 14 letter ...

- Claims Mar 6 proposal is the product of 14 months of lessons learned regarding project performance ... and re-implicates the CB&I on site representative's involvement in the proposal.
 - Offers to sell ... the Pegasus Nuclear division ... all assets and liabilities ... to CB&I for a price to be mutually agreed upon.
 - Deal would include and additional \$136K payment to Pegasus to satisfy all unpaid invoices.
 - Pegasus Nuclear critical personnel would remain in place for a transition period
 - If offer is not accepted ... Pegasus intends to close the doors on Mar 28 due to material deficiencies in contract performance by CB&I

Pegasus, Mar 20 letter ...

- Provides SCE&G with a 10 day notice of its intent to terminate the CB&I purchase orders for breach of contract ... reasons which have been documented in prior communications with CB&I.

- Pegasus regrets this option ... but CB&I has not responded to the its Mar 14 letter.

I spoke with Randy Harrison again this afternoon ... he will be forwarding some high-level CB&I talking points on this issue probably later this evening.

Randy offered to schedule a call with Lyash if necessary ... whenever suits.

mrc

INTER-OFFICE COMMUNICATION

Date: February 13, 2017
To: Board of Directors
From: Lonnie N. Carter, President & CEO
Subject: Board Meeting

Lady and Gentlemen:

We look forward to seeing you on Tuesday's Board meeting at the McNair Law Firm, Suite 1800, 1221 Main Street, Columbia. The formal meeting begins at 1:30 pm, lunch will be provided at the meeting room at 12:30pm.

As we approach the joint Board meeting, please allow me to share a few thoughts. First, as background for the meeting, the following facts are pertinent:

1. Money paid to WEC thus far (100%): **\$6.6 billion**
2. Remaining funds to be paid under \$6.082 billion fixed price option (100%): **\$4.2 billion**
3. Current contract completion dates: Unit Two—**August 31, 2019** Unit Three—**August 31, 2020**
4. PTC deadline date under current law: **December 31, 2020**
5. WEC estimated schedule variance prior to Toshiba announcement: Unit Two—**163 days (February 10, 2020)** Unit Three—**26 days ahead (August 5, 2020)**. **Owners deem these figures unreliable.**
6. Current work productivity factor average for last 3 months: **.7% monthly Project completion for Oct-Dec of 2016, currently taking 3 hours of activity to complete 1 hour of work**
7. Owners' completion calculation using above productivity factor: **69.1% of Project remains to be completed. Project construction progress must increase to 2.3% per month to meet current contract completion dates.**

Tomorrow's announcement by Toshiba will be a continuation of the uncertainty facing the completion of Summer Units 2 and 3 brought on by Toshiba's accounting scandals. Following the announcement, the Owners will need to, among several things, monitor the financial community's backing of Toshiba. Tomorrow, there are three major themes to discuss with the SCANA Board and reach a general understanding:

1. **WEC/Toshiba Solvency.** Can and will Toshiba provide funds to complete US nuclear construction? Owners of the four US units are WEC's largest creditors, we should not prepare to pay any further money over fixed price without taking control of WEC through bankruptcy.
2. **Schedule/ Productivity.** Any new schedule must be fully resource loaded including materials (commodities), equipment, and people (hours). Owners should not accept any new schedule without verifying that the schedule can be accomplished and subcontractor CEO's have signed off. To maintain stakeholder and regulatory credibility, Owners must publicly decline to endorse schedule until benchmarks established for the first six (6) months of the new schedule, measured against the Contractor's performance, confirm the credibility of the new schedule.
3. **CORB Report.** Critical to Project progress, what is SCANA's plan with respect to the CORB report, which recommended in November of 2016 that more Owner management was needed in three specific areas of the Project (infrastructure, execution, and schedule quality)? This is consistent with Santee Cooper's position all along, the Bechtel report delivered in October of 2015, and now bankruptcy attorney Paul Singer last week.

Thank you in advance for your guidance and leadership tomorrow in this important meeting.



Lonnie N. Carter
President and
Chief Executive Officer
(843) 761-7039
Fax: (843) 761-7037
lncarter@santeecooper.com

June 26, 2017

Larry J. Hinz, Chairman
Central Electric Power Cooperative, Inc.
P. O. Box 1455
Columbia, South Carolina 29202

Robert C. Hochstetler, President and CEO
Central Electric Power Cooperative, Inc.
P. O. Box 1455
Columbia, South Carolina 29202

Subject: Response to the Extension of the Interim Assessment Agreement (IAA) for V. C. Summer Units 2 and 3 Letter Dated June 23, 2017

Gentlemen,

Thank you for your immediate and supportive response of June 23, 2017, to my letter advising that the Santee Cooper Board of Directors would today consider an extension of the Interim Assessment Agreement (IAA) for V. C. Summer Units 2 and 3. As you are aware, the Board at its meeting today did extend the IAA for forty-five (45) days through August 10, 2017, together with authority for an additional IAA expenditure of \$50 million, bringing the total IAA expenditure authorization to \$300 million. You have a copy of that approved Resolution, and we are grateful for your attendance at today's meeting to observe this decision firsthand.

During discussions today, our Board was clear in its resolve to reach a final decision on new nuclear construction and bring the IAA to a close at the earliest practical opportunity. This could occur as early as mid-July. We are hopeful that Central will be in a position to concur at that time, and ask that you let us know what further information or assistance we might provide your team as you continue to consider this matter.

Again, Santee Cooper deeply appreciates the leadership position that the Central team has taken on new nuclear construction, and I look forward to working with you on this matter going forward.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Lonnie', with a stylized flourish at the end.
Lonnie N. Carter

LNC:cgb

From: Carter, Lonnie
To: ["Rob Hochstetler"](#)
Cc: ["Tiencken, John"; "Mike Couick \(mike.couick@ecsc.org\)"](#)
Bcc: [Carter, Lonnie; Crosby, Michael \(michael.crosby@santeecooper.com\) \(michael.crosby@santeecooper.com\); Tye, Marc; Pelcher, Steve; Cherry, Marion; McCormack, Greg](#)
Subject: RE: Nuclear Follow-up & Clarification
Date: Wednesday, May 03, 2017 10:27:00 AM

Rob,

Thank you for this email reiterating Central's position on our ongoing nuclear analysis. Your candor is appreciated, as well as your desire that our companies fully communicate with one another as we proceed to a determination of the future of the nuclear Project.

We are all working under deadline, dealing with voluminous raw data that requires analysis and interpretation before it can be utilized, on an impossible schedule. This is why we took the extraordinary step of providing information access to your team so that your review is unfiltered, and why Santee Cooper's 3-man analysis team is beyond fully engaged on data review and assimilation at this point.

You have my commitment that, once the SCANA/Santee Cooper team has reached a decision point where the Project schedule and cost to complete can be reliably estimated, which we believe will occur by the end of May, we will make our analysis and information available to your team as quickly as possible. Additionally, our team will be prepared to discuss in detail the findings, assumptions, and analysis that derived the result being shared with you. Said differently, we will fully disclose to you what we have at that time, and work with your team to ensure that the disclosure is fully understood and beneficial to your decision.

Santee Cooper's Board-authorized assessment period expires on June 26. If possible, I would like to avoid requesting an extension, but if there is no clear agreement on a path forward by that time, we will have to do so. One of the driving forces pushing us to bring the analysis to conclusion is an average daily Project burn rate for Santee Cooper of \$2.015 million. To try to establish a timeline to help us both reach a decision between the end of May and June 26, I propose that you, Mike Couick, and John Tiencken meet with me immediately after the May 10 Central Board meeting for a few minutes. Please let me know if this suits your schedules, and I look forward to working with you on this critical matter.

Thanks,
 Lonnie

From: Rob Hochstetler [mailto:RHochstetler@CEPCI.ORG]
Sent: Monday, May 01, 2017 5:48 PM
To: Carter, Lonnie
Subject: [EXTERNAL SENDER] Nuclear Follow-up & Clarification

WARNING: This e-mail is from an external sender. Use caution when opening attachments and clicking links.

As you and I know, Santee Cooper, SCE&G and Central are working hard under tight schedules to come to conclusions regarding next steps at Jenkinsville. In the busy-ness of this undertaking, I wanted to be sure that I had expressed clearly—even at the risk of repeating myself—one of

Central's overarching needs: access to the information necessary for us to reach conclusions satisfactory to the Central board.

Let me give you an example that does not indicate any lack of cooperation but rather is simply a means of explaining my point. The other day in a conversation with Mark Svrcek, Michael Crosby referenced the amount of work Santee Cooper was facing and the resulting lack of time/resources that could be given to meeting Central's needs for information. I think Michael was simply explaining, not complaining and his is a fair-enough point.

The reason for this email is not to disagree with Michael's statement, but rather to express the hope that everyone understands that, for whatever reasons, if Central does not have the information it needs by whatever deadline, we may not be able to support Santee Cooper's recommendations. I state this again just to be clear.

Additionally, when the information we need is limited by confidentiality restrictions, our decisions may be delayed due to our desire to share certain information with other stakeholders that are important to us, such as ORS. As you would expect, we have taken the confidentiality agreements quite seriously and continue to maintain a wall around the information being shared within a limited number of people working with Central staff.

The Central board will not allow me to take responsibility for information not made available to us in time for a systematic review. Our team continues to work diligently in preparation of results from the "Team of 20," but any lifting of confidentiality restrictions and timely answers to our on-going questions can only speed up our process.

Rob

Robert (Rob) C. Hochstetler, P.E.
President and CEO
Central Electric Power Cooperative, Inc.

Address

20 Cooperative Way
Columbia, SC 29210
1750 Burning Tree Lane for some Map Applications

Phone

O: 803-779-4975
C: 803-602-2536

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